

MD	✓		EKC	✓
CS	✓		DEY	20
RC	✓		DEV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

# 25th

ANNUAL REPORT 1996-1997

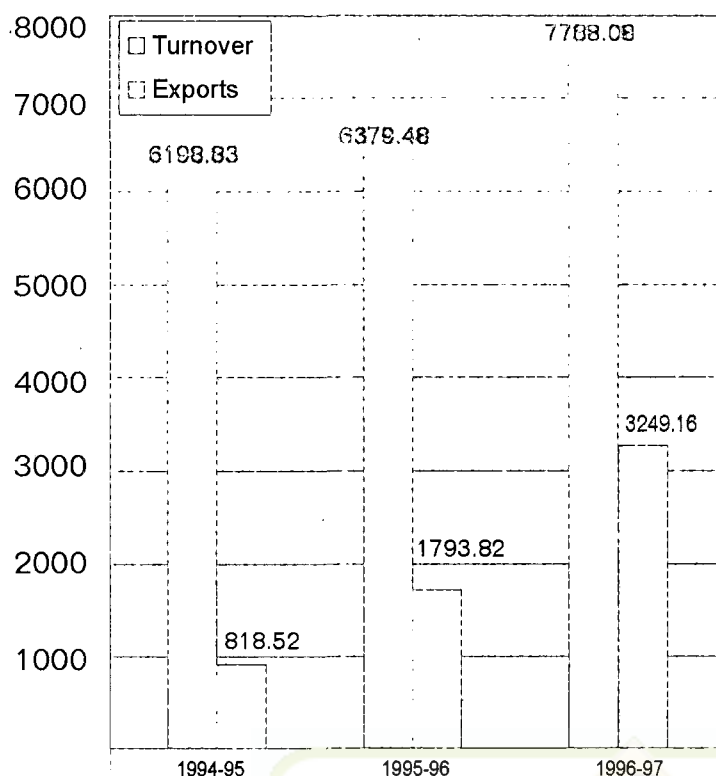
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**Manugraph**

INDUSTRIES LTD  
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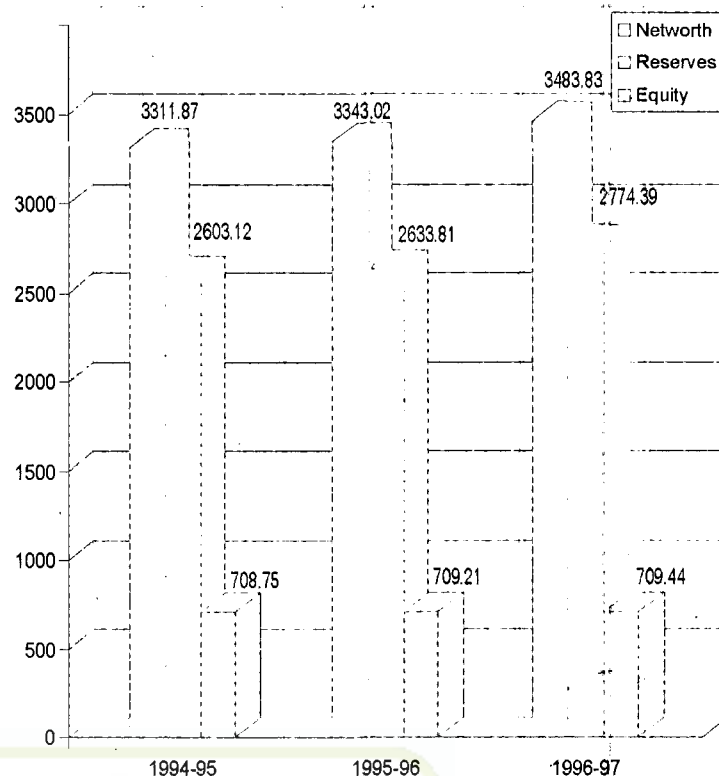
## Sales

(Rs. in Lakhs)



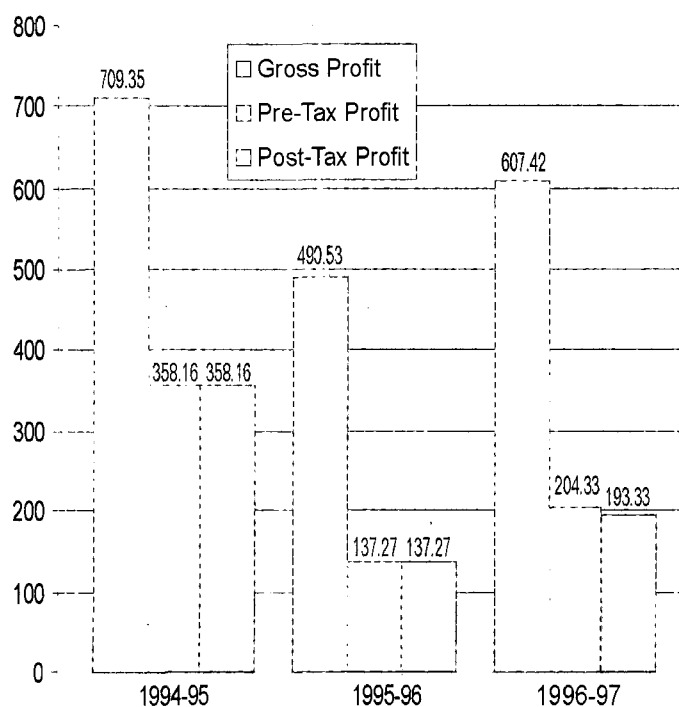
## Net Worth

(Rs. in Lakhs)

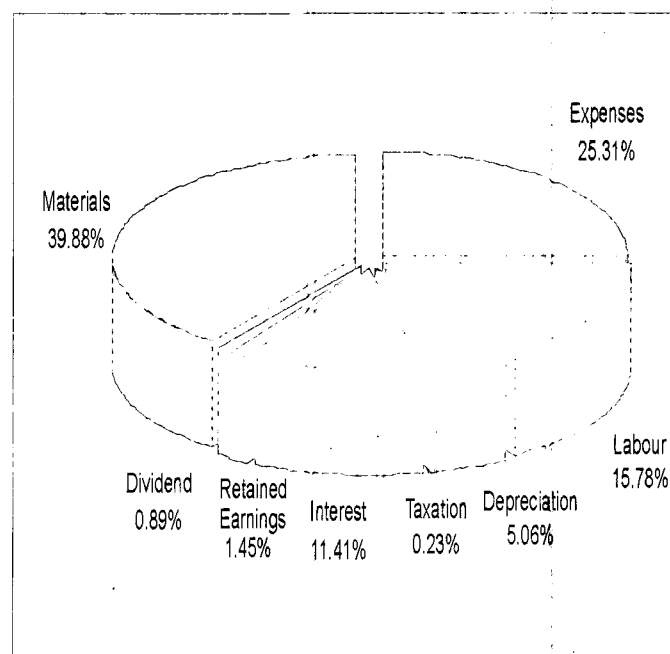


## Profitability

(Rs. in Lakhs)



## Distribution of Income



# MANUGRAPH INDUSTRIES LIMITED

(FORMERLY MASCHINENFABRIK POLYGRAPH (INDIA) LIMITED)

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## BOARD OF DIRECTORS

Sanat M. Shah (Chairman)  
 Vijaychandra N. Cantel  
 Harshad H. Vasa  
 Jayant C. Vakil  
 Ashvin B. Zaveri  
 Jitendra N. Mehrotra  
 Sanjay S. Shah (Whole-Time Director)  
 Pradeep S. Shah (Whole-Time Director)  
 Sanjeev S. Chandorkar (Non-Executive Director)

## COMPANY SECRETARY

Vijay H. Modi

## AUDITORS

Messrs. B.F. Pavri & Co.  
 Chartered Accountants

## REGISTERED OFFICE

Manu Mansion,  
 16, Shahid Bhagatsingh Road,  
 Fort, Mumbai 400 001.

## WORKS

Plot No. D-1, MIDC Shirola Industrial Area,  
 Poona-Bangalore Road, Shirola, Kolhapur,  
 Maharashtra.

Warnanagar, Kodoli, Tal. Panhala,  
 Dist. Kolhapur - 416 113, Maharashtra.

Gokul Shirgaon, Plot No. A/8, MIDC,  
 Kolhapur, Maharashtra.

## SOLICITORS & ADVOCATES

Messrs. Tyabji Dayabhai

## BANKERS

State Bank of India  
 State Bank of Bikaner & Jaipur  
 Canara Bank

25th Annual General Meeting on Thursday, the 25th September, 1997 at Karmaveer Bhaurao Patil Ground Floor, Bajaj Bhawan, Jammalai Bajaj Marg, 226, Nariman Point, Mumbai-400 005 at 4.00 PM.

## N O T I C E

NOTICE is hereby given that Twenty-fifth Annual General Meeting of Members of Manugraph Industries Limited will be held on Thursday the 25th September, 1997 at 3.00 p.m. at Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021 to transact the following business :

1. To consider and adopt the Balance Sheet as at 31st March, 1997 and Profit and Loss account for the year ended 31st March, 1997 and reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity shares for the year ended 31st March, 1997.
3. To appoint a Director in place of Mr. S. M. Shah who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. B. Zaveri who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the company will remain closed from Wednesday the 17th September, 1997 to Thursday the 25th September, 1997 (Both days inclusive).
3. The members are requested to :
  - a) intimate changes, if any, in their registered addresses to the company's Registrars and Share Transfer Agents, M/s. Epic Financial Consultancy Services Pvt. Ltd., 201/2 New India Industrial Estate, 2nd Floor, Plot No.33, Off Mahakali Caves Road, Andheri (East) Mumbai-400 093 at the earliest but not later than 25th September, 1997,
  - b) quote ledger folio numbers in all their correspondence,
  - c) intimate about consolidation of folios, if share holdings are under multiple folios,
  - d) bring their copies of the Annual Reports and the Attendance Slips with them at the Annual General Meeting.
4. Members are hereby informed that the company has transferred to the Central Government unclaimed dividend relating to the accounting year ended upto 31st March, 1993. Members who have not collected dividends for any of the above accounting years are requested to make an application to the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Lad Marg, Kalachowki, Mumbai - 400 033 for an order for payment of such uncollected dividend. Such application has to be made in the prescribed Form No.II under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.
5. Members desirous of getting any information about the accounts and operations of the company are requested to address their queries to the Secretary of the company atleast ten days in advance of the meeting so that the information required can be made readily available at the meeting to the extent possible.

### Registered Office :

Manu Mansion,  
16, Shahid Bhagatsingh Road,  
Fort, Mumbai - 400 001.  
Date : 12th August, 1997.

By Order of the Board  
For MANUGRAPH INDUSTRIES LIMITED

V. H. MODI  
Company Secretary

## DIRECTORS' REPORT

Your Directors hereby present the Twenty-fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 1997.

## FINANCIAL HIGHLIGHTS :

The salient features of the company's working are as under:

	April to March 1996-97 (Rs. in lakhs)	April to March 1995-96 (Rs. in lakhs)
PROFIT FOR THE YEAR	607.52	490.58
LESS : Depreciation	403.09	353.26
PROFIT BEFORE TAX	204.43	137.32
Less : - Ex-gratia to Employees	--	50.06
- Provision for gratuity	0.10	0.12
- Income tax	0.02	0.03
	204.31	87.03
Less : Provision for taxation	11.00	--
	193.31	87.03
Add : Amount transferred from Investment allowance reserve	--	103.37
Export profit reserve	--	8.30
	193.31	198.60
Add : Balance brought forward from last year	34.11	55.98
AMOUNT AVAILABLE FOR APPROPRIATION	227.42	255.58
APPROPRIATIONS		
Debtenture redemption reserve	66.65	114.93
Short provision of dividend	--	0.50
Proposed Dividend	71.09	56.74
Tax on Proposed Dividend	7.11	--
General Reserve	50.00	50.00
Balance carried in Balance Sheet	32.57	34.11

## YEAR IN RETROSPECT AND DIVIDEND

The economic liberalisation offered by the Government with no restriction on the import of second hand machines has made domestic market stagnant in the years 1995-96 and 1996-97. High interest, rupee cost coupled with a exploration to find new export markets by the company added to the set back in sales.

In spite of these adverse factors Company's total gross sales are up and the profitability has shown improvement. The profit before tax (after interest and depreciation charges) was Rs.204.33 lakhs against Rs 37.09 lakhs for the previous financial year. The profit after tax was Rs.193.31 lakhs as against Rs 87.03 lakhs for the previous financial year.

Your Directors have recommended a dividend of Re. 1/- per share aggregating Rs.71.09 lakhs subject to the approval by the members at the annual general meeting.

The Company has shifted its focus from domestic to the export markets by investing substantially in trade shows, exhibitions and new distributors. This reflects in the exports jumping from Rs.1794 lakhs to Rs.3249 lakhs.

#### **PROSPECTS FOR THE CURRENT YEAR**

The turnover for the four months is Rs.2750 lakhs (including exports - Rs.1325 lakhs) as compared to Rs. 1754 lakhs (including exports - Rs.779 lakhs) for the corresponding period of the previous year. Our strategy of shifting focus from the domestic to export market will have significant bearing on its future performance and the much needed diversity in market which will protect it against down turns in the future and yield higher realisation at the same time.

The Company has orders on hand worth Rs. 6000 lakhs.

#### **PROPERTY DEVELOPMENT**

Although the above was short listed as one of the areas for diversification due to negative growth rate and political uncertainty in the country, property price have nosedived. Keeping in mind to concentrate on its core sector the Company has sold the Bangalore property at a profit during the current year and will be reflected in the current financial year.

The property acquired under auction of Income-tax Department, Pune was discovered to be non marketable and the title of the property unclear. Income-tax Department has also been unable to hand over the actual possession of 22,100 sq. metres. In order to prove the Company's bonafide and to realise its claim with interest your Company has filed a writ petition in the High Court in Mumbai to recover the said amount.

#### **SUBSIDIARY COMPANY**

During the year under review the company has sold 20,000 Equity Shares of Printpak Machinery Limited a subsidiary of the Company. The company's holding currently stands reduced to 47.76% and hence Printpak Machinery Limited is no longer a subsidiary of the Company.

#### **FIXED DEPOSITS**

The amount of fixed deposits from the public and loans from the shareholders at the end of the year was Rs.19.61 lakhs. The deposits aggregating Rs.0.31 lakhs were due for payment on 31st March,1997. Out of these, deposits of Rs.0.20 lakhs have since been renewed, Rs.0.05 lakhs have been refunded and Rs.0.06 lakhs have remained unclaimed.

#### **INSURANCE**

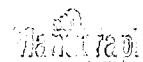
The buildings, plant and machinery, stock in trade, standing charges and loss of profits have been adequately and appropriately insured.

#### **PERSONNEL**

The present wage agreement came to an end on 31st March, 1997. A new wage agreement for units at Shirol and Warnanagar is to be finalised for the next three years i.e. from 1.4.1997 to 31.3.2000.

Both the union committees have presented their charters of demand. The management and the workers are under active negotiation on the same. It is hoped to be completed, without any repercussion, not later than 30th September, 1997.





The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 and forming part of this Report for the year ended 31st March, 1997 is annexed hereto.

#### **DIRECTORS**

Industrial Development Bank of India vide their letter No.CSD 53/292/Nom 8 dated 3rd June, 1997 has appointed Mr. S. S. Chandorkar as their Nominee Director w.e.f. 17th June, 1997.

In accordance with the provisions of the Companies Act, 1956 and company's Articles of Association, Mr. S. M. Shah, and Mr. A. B. Zaveri retire by rotation and are eligible for re-appointment.

#### **AUDITORS' REPORT**

The auditors' remarks in paragraph 2 of their report have been dealt with in the notes on accounts which are self explanatory.

#### **AUDITORS**

The Auditors, Messrs. B. F. Pavri & Company, retire at the forthcoming annual general meeting and being eligible offer themselves for re-appointment. Messrs. B. F. Pavri & Company, the present auditors of the Company, have pursuant to section 224(1) of the Companies Act, 1956 furnished a certificate regarding their eligibility for re-appointment as the Company's auditors.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE : OUTING**

The Information required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 with respect to these matters forms part of this Report and is annexed hereto.

For and on behalf of the Board

Mumbai,  
Dated : 12th August, 1997.

S. M. SHAH  
Chairman

### **ANNEXURE TO THE DIRECTORS' REPORT**

**INFORMATION REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.**

#### **A. CONSERVATION OF ENERGY :**

##### **a) Energy Conservation measures taken:**

Measures of energy conservation mentioned in last year's report have been continued and systematically implemented. Conscious efforts are made to bring awareness amongst energy users for energy conservation.

##### **b) The additional efforts made are :**

1. Use of Electronic ballasts replacing Conventional ballasts.
2. Use of Metal halide lamps replacing Halogen tubes.
3. Use of Electronic fan regulators replacing resistive fan regulator.
4. Maintained power factor between the range of 0.92 to 0.97 by adjusting capacitive load against actual individual load.

**B. TECHNOLOGY ABSORPTION :**

Efforts made in technology absorption :

**FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO TECHNOLOGY ABSORPTION.  
RESEARCH & DEVELOPMENT (R & D)**

**1) Specific areas in which R & D carried out by the Company :**

During the year, the Company's Research and Development efforts covered in the areas like improvement of existing products, development and commercialisation of new products, standardisation, variety reduction and assimilation and adaption of foreign technology.

**2) Benefits derived as a result of the above R & D :**

- i) New Products development
- ii) More automation on existing products.
- iii) Value engineering
- iv) Feature additions.

**3) Future plan of action :**

Development of

- i) Newline 20, Vertical Web - "H" Unit and Stack Unit
- ii) Manugraph Shiva 74 design.
- iii) Design of Tucker Folder.
- iv) Different cut offs on Newline 45.
- v) Introduction of Hiline 45 product.
- vi) Manuline 16, 630 mm. cut of with 965 mm. web width.

<b>4) Expenditure on R &amp; D :</b>	Rs. in lakhs
i) Capital	Nil
ii) Recurring	39.05
iii) Total	39.05
iv) Total R & D expenditure as a percentage of total turnover.	00.50

**5) Technology absorption, adaptation and innovation :**

**1) Efforts in brief made towards Technology Absorption, Adaptation and Innovation:**

Adaptation of conceptual design, reverse engineering on reference prototype. Through visits of technical personnel to developed countries and international exhibitions, the company keeps abreast with the technology development and introduces, adapts and absorbs those sophisticated technologies, wherever suitable.

**2) Benefits derived as a result of the above efforts :**

The benefits have been enumerated in point 2 under Research and development.

**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:**

During the year under review, the Company is continuously exploring the possibilities of exporting more of its products to European countries like Germany, France and U.K. etc., Asian countries like China, Iran Thailand, Sri-Lanka etc. and U.S.A.

**(2) Total foreign exchange used and earned :**

The information on foreign exchange earnings and outgo is contained in notes 17, 18, 19 and 21 in Schedule R of the annual report.



Statement pursuant to section 217 (2A) of the Companies Act, 1956 and the companies (particulars of directors) Rules, 1975 forming part of the Directors' Report for the year ended 31st March, 1997

Sr. No.	Name	Age (Yrs.)	Designation and Nature of duties	Gross Remuneration	Qualification	Experience (Years)	Date of Commencement of employment	Particulars of Remuneration
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A. Employed throughout the financial year under review and were in receipt of remuneration for that year in aggregate of Rs. 12,00,000/- in terms of Section 217(2A)(a)(i) of the Companies Act, 1956

1.	Mr. Shah P.S.	36	Executive Director	7,67,719/-	D.M.E.	14	1.12.1992	Director, P.S. Shah & Co. Mumbai, Maharashtra
2.	Mr. Shah S.S.	38	Executive Director	7,43,165/-	B.Com	14	1.12.1992	Director, P.S. Shah & Co. Mumbai, Maharashtra
3.	Mr. Sontakke D.G.	52	Vice President (Operations)	3,97,500/-	B.E. Mech & Elec	35	1.7.1974	Regional Manager, Kankar, Maharashtra

B. Employed for a part of the financial year under review and were in receipt of remuneration at a rate of not less than Rs. 1,00,000/- per annum in terms of section 217(2A)(a)(ii) of the Companies Act, 1956.

1.	Mr. Bhatia V.V.	59	Vice President-Finance	4,44,604/-	B.A., LL.B., F.C.A., F.C.S., A.I.C.W.A.	31	1.12.1995	Advisor to Government of Maharashtra, Mumbai
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#### NOTES:

- The remuneration of employees comprises of salary, allowances, leave encashment, company contribution to provident fund, superannuation fund, gratuity, bonus and monetary value of perquisites.
- The terms of employment in case of Mr. V.V. Bhatia is permanent where as the terms of employment are contractual in respect of Shri S.S. Shah, Shri P.S. Shah and Shri D.G. Sontakke.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- None of the employees mentioned above is related to any Director of the Company except Shri S.S. Shah and Shri P.S. Shah who are related to Shri S.M. Shah, Chairman of the Company.

## FINANCIAL STATISTICS

## CAPITAL ACCOUNTS

Year	Share Capital	Reserves	Borrowings	Capital Employed	Gross Block	Depreciation	Net Block
1987-88	99.64	324.61	858.33	1282.58	849.46	274.62	574.84
1988-89 (9months)	99.64	390.55	1054.06	1544.25	929.18	333.83	595.35
1989-90	169.73	591.43	1328.34	2089.50	1091.56	411.85	679.71
1990-91	169.73	715.85	1570.95	2456.53	1718.10	502.34	1215.76
1991-92	169.73	891.61	3244.97	4306.31	2259.34	611.93	167.41
1992-93	372.61	1660.78	3205.37	5238.76	3449.02	775.20	2673.82
1993-94	505.95	1737.41	3412.63	5661.29	3622.84	986.76	2636.08
1994-95 *	708.75	2603.12	4556.60	7868.47	5007.99	1328.74	3679.25
1995-96	709.21	2631.81	5366.92	8709.94	5535.62	1629.49	3906.13
1996-97	709.44	2774.39	5178.02	8661.85	6078.67	2015.60	4063.07

## REVENUE ACCOUNTS

## Per Equity Share

Year	Gross Revenue	Expenses	Depreciation	Profit/(Loss) before Taxes	Taxes	Distributable profit for the year	DRR EPR	Dividends	Earnings (Rs.)	Dividend (Rs.)	Net-worth (Rs.)
1987-88	1723.35	1557.55	65.89	99.91	19.64	72.34	7.93	15.95	8.06	2.10	42.58
1988-89 (9 months)	1534.71	1368.10	60.34	106.27	19.40	78.94	7.93	20.93	8.72	2.10	49.19
1989-90	2191.41	1889.14	84.71	217.56	80.37	129.26	7.93	41.44	8.08	2.40	44.85
1990-91	2752.46	2391.91	95.39	265.16	100.00	157.23	7.93	40.74	9.73	2.40	52.18
1991-92	2707.75	2283.88	118.65	305.22	104.00	193.29	7.93	25.46	11.86	1.50	62.53
1992-93	3406.03	3138.32	164.66	103.05	--	3.73	99.32	43.97	2.77	1.50	54.57
1993-94	3545.79	3576.89	238.05	(269.15)	--	--	--	--	--	--	36.96
1994-95 *	6380.57	5671.22	351.19	358.16	--	257.55	114.23	84.06	5.23	1.20	45.98
1995-96	6812.66	6322.13	353.26	137.27	--	255.58	114.23	56.74	1.93	0.80	43.88
1996-97	7966.60	7359.18	403.09	204.33	11.00	227.42	66.65	71.09	2.72	1.00	46.32

Note : DRR = Development Rebate Reserve

EPR = Export Profits Reserve

DRR = Debenture Redemption Reserve

\* Figures include the accounts of amalgamated company, Manuweb International Limited.