

# CTR

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## 2005 - 2006 ANNUAL REPORT



**MANUFACTURING INDUSTRIES LIMITED**

**REPORT AND ACCOUNTS FOR 2005-2006**

**BOARD OF DIRECTORS**

<b>Mr. K. K. Nohria</b>	Chairman
<b>Mr. B. M. Suri</b>	Vice Chairman
<b>Mr. A. P. Kumar</b>	Managing Director
<b>Mr. P. K. Oza</b>	Director

**REGISTERED OFFICE**

Nagar Road, Pune 411 014.

**AUDITORS**

A. A. Bhat & Co.

Chartered Accountants

**BANKERS**

Bank of Maharashtra

Canara Bank

**REGISTRAR AND TRANSFER AGENT**

Sharepro Services

Satam Estate, 3rd Floor,

Above Bank of Baroda, Cardinal Gracious Road,

Chakala, Andheri(East), Mumbai 400 099.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006**

To,  
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31<sup>st</sup> March 2006 and the Profit and Loss Account for the year ended on that date:

**FINANCIAL RESULTS**

Particulars	Year Ended 31.3.2006 Rs.	Year Ended 31.3.2005 Rs.
(a) Gross Sales and Income	537,826,227	429,034,139
(b) Less: Excise Duty	72,607,132	57,792,324
	<b>465,219,095</b>	<b>371,241,815</b>
<b>(c) PROFIT BEFORE TAX INCLUDING PROFIT ON SALE OF FIXED ASSETS OF Rs. 787 (PREVIOUS YEAR Rs.55,170,107)</b>	<b>77,622,763</b>	<b>93,411,429</b>
(d) Less : Provision For Tax	28,034,206	25,517,855
<b>(e) PROFIT AFTER TAX</b>	<b>49,588,557</b>	<b>67,893,574</b>
(f) Balance brought forward from previous year	15,152,776	23,497,401
(g) Transfer from Capital Redemption Reserve	–	2,076,500
(h) Interim and Proposed Final Dividends	(30,081,915)	(10,006,920)
(i) Corporate Tax on Dividend	(4,314,680)	(1,307,779)
(j) Transfer to General Reserve	–	(67,000,000)
<b>(k) BALANCE CARRIED TO BALANCE SHEET</b>	<b>30,344,738</b>	<b>15,152,776</b>

**REDUCTION IN PAID - UP CAPITAL**

During the year the Company bought back 55141 equity shares of the Company.

**DIVIDEND**

The Board of Directors recommend a final dividend of Rs.35 per equity share in addition to interim dividends paid.

**PRODUCTION, SALES AND TRADING RESULTS**

During the year under review, gross sales and income increased to Rs.53.78 crores. Also due to very favourable market conditions, profitability increased to Rs. 7.76 crores.

**OUTLOOK**

With the continuing emphasis of the government on the power sector, the company will continue to register healthy growth.

**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.

**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**

Employee relations continued to be normal during the year under review. Settlement were concluded at the Aurangabad and Pune factories covering the monthly rated employees and at the Pune factory covering daily rated workmen.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors assure 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 auditor A. A. Bhat & Company hold office up to the conclusion of the ensuing Annual General Meeting, and being eligible, are recommended for re-appointment on the 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.

On behalf of the Board of Directors

**A. P. Kumar**  
Managing Director

**B. M. Suri**  
Vice Chairman

**K.K.Nohria**  
Chairman

Mumbai, 26 April, 2006

**ANNEXURE TO DIRECTORS' REPORT**  
**Under Section 217(1)(e) of the Companies Act, 1956**

**A CONSERVATION OF ENERGY**

**FORM A**

- |    |  |   |  |
|----|--|---|--|
| a) | Energy conservation measures   | : | Installed maximum demand controller at the Pune factory. Installed further power factor correction capacitors at the Pune factory. |
| b) | Additional investments & proposals; if any, being implemented for reduction of consumption of energy                                     | : | Installation of energy efficient seam welding machines.  |
| 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 | : | Savings of Rs.2.14 lacs during the year. Impact on cost of production is negligible.   |

**B TECHNOLOGY ABSORPTION**

**FORM B**

**RESEARCH AND DEVELOPMENT (R & D)**

- |    |   |   |   |
|----|---|---|---|
| 1. | Specific areas in which R & D is carried out by the Company   | : | Plastic film capacitor range extension; Intank tapchanger export worthy; Fire system technology innovation; Tapchanger product reliability. |
| 2. | Benefits derived as a result of the above R & D               | : | Improvement in price realised.  |
| 3. | Future plan of action   | : | Export worthiness of remaining products.  |
| 4. | Expenditure on R & D  | : | 31 March, 2006<br>Rs. In Lacs   |
|    | i. Capital  | : | 48.77   |
|    | ii. Recurring   | : | 25.08   |
|    | iii. Total  | : | 73.85   |
|    | iv. Total R & D Expenditure as a percentage of total turnover | : | 1.4 %   |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- |    |  |   |                |
|----|--|---|----------------|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Not Applicable |
| 2. | Benefits derived as a result of the above efforts                                | : | Not Applicable |
| 3. | a. Imported Technology   | : | Not Applicable |
|    | b. Year of Import  | : | Not Applicable |

c. Has technology been fully Absorbed : Not Applicable

d. If not fully absorbed, areas where this : Not Applicable  
has not taken place, reasons thereof  
and future plan of action

## **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 : Fire systems and Flange mounted tapchangers directly exported. An export office has been opened.
2. Total Foreign exchange earned and used
 

Total foreign exchange earned	: Rs. 108.57 Lacs
Total foreign exchange used	: Rs. 260.67 Lacs

On behalf of the Board of Directors

**A. P. Kumar**  
Managing Director

**B. M. Suri**  
Vice Chairman

**K.K.Nohria**  
Chairman

Mumbai, 26 April, 2006



## 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 2006 and also the Profit and Loss Account and the Cash Flow Statement 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 Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 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 the written representation received from the individual Directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.3.2006 from being appointed as Directors in terms of clause (g) of sub section (1) of section 274 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 read together with significant accounting policies and notes to accounts in schedule No. 18 & 19 respectively and those appearing elsewhere in the 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 31<sup>st</sup> March 2006;
  - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date;

(c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For and on behalf of

**A.A.BHAT & CO.**  
**Chartered Accountants**

**N.V.BADWE**  
Partner  
Membership No.31637

**Pune, 26 April, 2006**





**ANNEXURE TO THE AUDITOR'S REPORT**  
**(Referred to in paragraph 3 of our report of even date)**

- (i) The nature of the Company's business / activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us the fixed assets, were physically verified during the year by the management in accordance with a program of verification, covering all fixed assets, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year are not substantial and hence it has not affected the going concern assumption.
- (iii) In respect of its inventories:
  - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Sub clause (b), (c), (d), are not applicable.
- (v) 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 inventory and fixed assets and for the sale of goods and services.
- (vi) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register, have been so entered.
  - (b) According to the information and explanations given to us, where each of such transactions is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vii) According to the information and explanations given to us the company has not accepted any deposits from public.
- (viii) In our opinion, the company has an internal audit system, which is commensurate with its size and nature of its business.
- (ix) 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.

- (x) According to the records and information and explanations given to us in respect of the Statutory and other dues:
- (a) According to the records of the Company barring few instances of delays in depositing undisputed income tax deducted/ collected at source the company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues with the appropriate authorities during the year. According to the information and explanation given to us, except for wealth tax of Rs. 18,000, there are no arrears of Statutory dues outstanding as on 31<sup>st</sup> March 2006 for a period more than six months from the date they become payable.
- (b) According to the information and explanations given to us, details of dues of sales tax, excise duty, provident fund, and ESIC and read with note no.1(c) in schedule no.19 in respect of Income Tax, which have not been deposited on account of any dispute are given below :

Name of the Statute	Period to which the amount relates	Forum where the dispute is pending	Total Demand Rs.	Amount unpaid Rs.
ESI Act	1997-98, 1998-99	Industrial Court	2,96,353/-	1,48,177/-
ESI Act	1999-2000, 2000-01	Industrial Court	3,07,667/-	1,53,834/-
Central Excise	2005-06	Commissioner (appeals) Pune III	5,000/-	5,000/-

- (xi) The company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current and the immediately preceding financial year.
- (xii) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions and banks.
- (xiii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) During the year the Company has not availed of any term loan from a financial institutions.
- (xvi) According to the information and explanations given to us, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- (xviii) According to the information and explanations given to us and the records examined by us, the Company has not made any debenture issue.
- (xix) The Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.