

CTR



2006 - 2007 ANNUAL REPORT



MANUFACTURING INDUSTRIES LIMITED

REPORT AND ACCOUNTS FOR 2006-2007

BOARD OF DIRECTORS

Mr. K. K. Nohria	Chairman
Mr. B. M. Suri	Vice Chairman
Mr. A. P. Kumar	Managing 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 31ST MARCH, 2007

To,
The Members,

Your Directors present their Report together with the Audited Balance Sheet as at 31st March 2007 and the Profit and Loss Account for the year ended on that date:

FINANCIAL RESULTS

Particulars	Year Ended 31.3.2007 Rs.	Year Ended 31.3.2006 Rs.
(a) Gross Sales and Income	706,300,090	537,827,014
(b) Less: Excise Duty	95,311,601	72,607,132
	610,988,489	465,219,882
(c) PROFIT BEFORE TAX	84,829,286	77,622,763
(d) Less : Provision For Tax	29,007,993	28,034,206
(e) PROFIT AFTER TAX	55,821,293	49,588,557
(f) Balance brought forward from previous year	30,344,738	15,152,776
(h) Interim and Proposed Final Dividends	(6,168,570)	(30,081,915)
(i) Corporate Tax on Dividend	(949,079)	(4,314,680)
(g) Prior Period Adjustments	11,397	–
(j) Transfer to General Reserve	70,000,000	–
(k) BALANCE CARRIED TO BALANCE SHEET	9,059,779	30,344,738

REDUCTION IN PAID - UP CAPITAL

During the year, the Company bought back 34420 equity shares.

DIVIDEND

The Board of Directors recommend a final dividend of Rs.15.00 per Equity share in addition to the interim dividend paid.

PRODUCTION, SALES AND TRADING RESULTS

During the year under review, gross sales / income increased to Rs. 70.63 crores. Also due to favourable market conditions, profitability increased to Rs.8.48 crores.

OUTLOOK

With the governments continued thrust on infrastructure and in particular the power sector, the Company will continue to achieve satisfactory growth in the coming year.

ADDITIONAL BUSINESS

During the year under review, the Company commenced business in Knowledge Process Outsourcing. Though this activity is restricted to Analytics, at present, it will be extended to cover Patent search and writing, Radiology report analysis, Legal drafting and other Knowledge Process Outsourcing activities.

INVESTMENT

During the year under review, your Company has invested in a Wind Turbine Generator (WTG) of 1250 KW capacity, procured from Suzlon Energy Ltd, installed at village Dhondewadi, in the district of Sangli, in Maharashtra. The said WTG was commissioned on 31.7.2006 and the power generated therefrom sold to MSEDCL is included in the Income of the Company. Further land at MIDC Chikalthana, Aurangabad has been acquired for setting up a green field transformer radiator manufacturing factory.

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.P.K.Oza resigned from the directorship of the Company with effect from 14.2.2007. The Directors wish to place on record their appreciation of the valuable services rendered by Mr. P.K.Oza during his tenure as a Director.

Mr.K.K.Nohria retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2002, is given as an annexure, which forms a part of this Report.

INDUSTRIAL RELATIONS

Industrial and Employee relations continued to be normal during the year under review.

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

Mumbai, 2 May, 2007

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 energy efficient spot welding machines. Installed automatic Power Factor Capacitor switches at the Pune and Aurangabad factories. Operated captive generators at both factories for specified periods on each working day as the company's contribution to energy conservation in Maharashtra. |
| b) | Additional investments & proposals; if any, being implemented for reduction of consumption of energy | : | Installation of second WTG so as to produce all the electrical energy requirements of the Company. |
| 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 | : | On a year on year basis savings of Rs.4.82 Lacs during the year. Impact on cost of production is marginal. |

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; Tapchanger export worthiness; Intank tapchanger reliability enhancement; transformer fire system fail safe operation. |
| 2. | Benefits derived as a result of the above R & D | : | Customer Preference |
| 3. | Future plan of action | : | Expand range of Intank tapchangers and fire systems. |
| 4. | Expenditure on R & D | : | 31 March, 2007
Rs. In Lacs |
| | i. Capital | : | Nil |
| | ii. Recurring | : | 101.91 |
| | iii. Total | : | 101.91 |
| | 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 : Transformer Fire prevention systems and Flange mounted on load
taken to increase exports, development tapchangers were exported directly. Participated in exhibitions.
of new export markets for products and
services and export plans
2. Total Foreign exchange earned and used
Total foreign exchange earned : Rs. 90.71 Lacs
Total foreign exchange used : Rs. 307.90 Lacs

On behalf of the Board of Directors

A. P. Kumar
Managing Director

B. M. Suri
Vice Chairman

Mumbai, 2 May, 2007

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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 31st March 2007 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 31.3.2007 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 31st March 2007;
- (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, 2 May 2007



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.