



THE ANUP ENGINEERING LIMITED

Annual Report 1998-99



Certificate of Approval

Awarded to

THE ANUP ENGINEERING LIMITED

**BEHIND 66 KV ELECTRIC SUB-STATION, ODHAV ROAD,
AHMEDABAD - 382 415, INDIA**

Bureau Veritas Quality International certify that the
Quality Management System of the above supplier has been
assessed and found to be in accordance with the requirements
of the quality standards detailed below

QUALITY STANDARDS

ISO 9001 : 1994

SCOPE OF SUPPLY

**DESIGN, MANUFACTURE, TESTING, COMMISSIONING AND SERVICING OF
EQUIPMENTS FOR PROCESS INDUSTRY, PRESSURE VESSELS, HEAT
EXCHANGERS, COLUMNS, GAS CYLINDERS AND CENTRIFUGES.
DESIGN AND MANUFACTURE OF DISHED ENDS AND EXPANSION BELLOWS.**

Original approval date : **5TH MAY 1999**

*Subject to continued satisfactory operation of the supplier's
Quality Management System, this Certificate is valid for a period of three years from :*

5TH MAY 1999

Date : **24TH MAY 1999**



[Signature]
For Bureau Veritas Quality International

Certificate No. 56715

Registration Number
008

SF06/B

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the accreditation certificate number 008

THE ANUP ENGINEERING LIMITED
AHMEDABAD.

SHRI ARVIND NAROTTAM LALBHAI

Chairman Emeritus

DIRECTORS:

SHRI SAMVEG A. LALBHAI

Chairman

SHRI ARUN P. SHETH

SHRI SUDHIR I. NANAVATI

SHRI PANKAJ SUDHAKER SHETH

SHRI CHANDRAKANT T. PARIKH

SHRI SHREYAS CHINUBHAI SHETH

SHRI V.R.SHAH

REGISTERED OFFICE :

Anil Starch's Premises,
Anil Road,
Ahmedabad-380 025.

WORKS :

Behind 66 KV Elec.Sub-Station,
Odhav Road,
Ahmedabad-382 415.

AUDITORS:

MESSERS. DALAL & SHAH
Chartered Accountants,
49-55, Apollo Street, Fort,
MUMBAI-400 001.

BANKERS :

Bank of Baroda

Shareholders intending to require information about Accounts to be explained in the meeting are requested to inform the Company atleast 7 days in advance of the Annual General Meeting.

The Anup Engineering Limited

NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the Members of the Company will be held on Monday, the 27th September, 1999 at 9:15 a.m. at Ahmedabad Textile Mill's Association Hall, Ashram Road, Ahmedabad-380 009, to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st March, 1999 with the documents required by law to be annexed thereto.
2. To appoint a Director in place of **Shri Samveg A. Lalbhai**, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint a Director in place of **Shri Pankaj S. Sheth**, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

RESOLVED THAT payment of an amount of Rs.1,500/- to M/s.Dalal & Shah, Chartered Accountants towards service tax on audit fees for the year 1998-1999, in addition to the remuneration plus actual out of pocket expenses as approved by the last Annual General Meeting, be and is hereby ratified and approved.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.

Registered Office :

Anil Starch's Premises,
Anil Road,
Ahmedabad-380 025.

19th June, 1999.

By Order of the Board,
SAMVEG A.LALBHAI
CHAIRMAN.

NOTES :

1. Printed copies of Annual Report for 1998-99 is enclosed herewith.
2. The Register of Members and Share Transfer Books will be closed from Wednesday, the 1st September, 1999 to Wednesday, 15th September, 1999, (both days inclusive) for the purpose of ascertaining the validity of transfers deeds.
3. Members are requested to bring their copies of the Annual Report to the meeting.

EXPLANATORY STATEMENT ON ITEM NO.5

At the Annual General Meeting held on 29th September, 1998, the members had approved the appointment of M/s.Dalal & Shah, Chartered Accountants, as auditors of the Company hold office from the conclusion of that meeting to the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs.30,000/- plus actual out of pocket expenses incurred by them. Subsequent to such approval, service tax was levied by the Finance Act, 1998 on the remuneration payable to Auditors.

The ordinary resolution set out at item No.5 of the notice is with a view to approve and ratify the payment of service tax to auditors on their fees for the year 1998-1999, in addition to the remuneration and actual out of pocket expenses approved by the members at the last annual general meeting.

Registered Office :

Anil Starch's Premises,
Anil Road,
Ahmedabad-380 025.

19th June, 1999.

By Order of the Board,
SAMVEG A.LALBHAI
CHAIRMAN.

The Anup Engineering Limited

DIRECTORS' REPORT

Your Directors submit herewith the 36th Annual Report together with the audited statements of Accounts for the year ended 31st March, 1999.

1. FINANCIAL RESULTS :

	1998-99 (Rs.in Lacs)	1997-98 (Rs.in Lacs)
Profit before Interest, Depreciation & Taxation	61.20	108.39
Less : Interest	64.82	57.65
Depreciation	<u>21.28</u>	<u>20.03</u>
	86.10	77.68
Loss/Profit before taxation	(24.90)	30.71
Provision for taxation	—	9.75
Loss/Profit for the year	(24.90)	20.96
Expenses in respect of Previous year	0.22	—
Balance carried of the last year	<u>147.22</u>	<u>135.50</u>
Amount available for appropriation	<u>122.10</u>	<u>156.46</u>
APPROPRIATION :		
Proposed Dividend	—	8.40
Provision for Dividend tax on Proposed Dividend	—	0.84
Balance carried to next year	<u>122.10</u>	<u>147.22</u>
	<u>122.10</u>	<u>156.46</u>

In view of the loss, your Directors regret their inability to recommend any dividend for the year ended 31-3-1999.

2. OPERATIONS:

The year under review has been a trying one for the industrial sector as a whole, particularly for the Engineering goods industry and for the Capital Equipment manufacturers like your Company. The capital goods industry continued to suffer from twin forces of stagnation and inflation. The uncertain political situation, the South Asia Crisis, the down turn in the world market, the somnolent primary issue market, are some of the factors have adversely impacted business confidence and investments. Your Company therefore been affected by the severe demand recession. Substantial orders for projects in the Chemical, Petrochemical, Fertilizers, oil sectors etc., which the Company used to thrive on, have considerably slowed down. This has resulted into paucity of orders, consequential lower production and under-utilisation of capacities. On the other hand the costs continued to rise. The Dearness Allowance

The Anup Engineering Limited

increased by Rs.276/- per month during the year 1998-99. The cost of power has also substantially increased. The burden of interest has also increased as many customers who suffered from liquidity crunch delayed the lifting of ordered equipments and also delayed the due payments. The Company's margins therefore remained under pressure during the year.

The overall recessionary market situation continues and your Company continues to suffer from under utilisation of capacities as at present. The clearance of some of the projects by the Government may improve the market for the products of your Company in the second half of the current year. However, the overall revival of the economy would much depend upon the political conditions and stability.

The management has decided to restructure the operations of the Company. As a part of this policy, the Company has successfully implemented the Voluntary Retirement Scheme and has been able to reduce 105 workers which account for about 23% of the total strength.

This will help the Company in reducing its fixed costs. The Company has also implemented other measures for cost reductions.

As a part of your Company's commitment to quality, the management has pursued and successfully achieved ISO-9001 Quality Certification from M/s. Bureau Veritas Quality International, London on 5-5-1999 within a record period of 6 months. This will go a long way in securing further business from the overseas market and from the multinational Companies working in India.

Your Directors are happy to report that the Company has bagged an export order for Centrifuge Machine of the value of Rs.60.00 Lacs from U.K. in competition with the world leading manufacturers. This order has been executed by the Company ahead of the schedule.

The Company is fully conscious of Y2K impact. All the system of the Company have been made Y2K compliance at no material cost.

3. REVALUATION OF ASSETS:

With a view to reflect the correct value of assets on the Balance Sheet, the Company has revalued its Land and Buildings. The difference on revaluation of Rs.15,33,89,545/- has been transferred to Revaluation Reserve.

4. LISTING:

The Company's shares are listed on Ahmedabad Stock Exchange and the listing fees for the year 1999-2000 has been paid.

5. EMPLOYEES:

Your Directors are pleased to report that the relations with the Employees have continued to remain cordial.

There is no employee drawing Salary of Rs.50,000/- per month or Rs.6.00 Lacs per annum during the year under report and as such no information is required to be given under Section 217 (2A)(b) of the Companies Act, 1956.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUT GO:

The Anup Engineering Limited

A Statement in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto & forms part of the Report.

7. INSURANCE :

The Company's Building, Machineries and Stocks except certain risks which are borne by the Company are insured at cost against fire, riot and malicious damage risks.

8. DIRECTORS :

Sharvashri Samveg A. Lalbhai and Shri Pankaj S. Sheth retire by rotation and being eligible, offer themselves for re-election.

9. AUDITORS :

You are requested to appoint the Auditors and fix their remuneration.

The specific notes forming part of the accounts referred to in the Report of the Auditors are self explanatory and do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

Ahmedabad.
Date : 19th June, 1999

By Order of the Board,
SAMVEG A. LALBHAI
CHAIRMAN.

ANNEXURE TO THE DIRECTORS' REPORT (UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956)

A. CONSERVATION OF ENERGY :

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have been implemented, but there are no major areas where further energy conservation measures can be taken. Efforts to conserve and optimise the use of energy will continue.

FORM A

A. POWER AND FUEL CONSUMPTION :

	1998-99	1997-98
1. (a) Electricity :		
Units	6,60,910	6,21,460
Total Amount (Rs.)	36,12,391	33,59,202
Rate/Unit (Rs.)	5.47	5.41
(b) Own Generation :		
(Through Diesel Generator)		
Units	8,808	43,232
Total Amount (Rs.)	41,176	1,89,240
Rate/Unit (Rs.)	4.67	4.38
2. Furnace Oil:		
Qty (Liters)	1,12,270	1,17,000
Cost	7,09,414	7,62,407
Rate per	6.32	6.52

The Anup Engineering Limited**FORM B****B. TECHNOLOGY ABSORPTION :****Research & Development :****(a) Specific areas in which R&D carried out by the Company :**

The Company has a Research & Development Laboratory recognised by the Department of Science and Technology. It is engaged in process improvement, product improvement, development of analytical methods and technical services for development of improved controls.

(b) Benefits derived as a result of R&D:

As a result of Company's Research & Development Laboratory, Company is benefited by process and product improvement.

(c) Future Plan of action :

The Company will continue to lay emphasis on the main areas of R&D set out under para (a) above.

(d) R&D Expenditure :

	1998-99 (Rs.in Lacs)	1997-98 (Rs.in Lacs)
Capital	-	11.48
Recurring	9.27	9.22
Total	<u>9.27</u>	<u>20.70</u>
Total R&D Expenditure as % of Total Turn Over	0.78	1.52

Technology absorption, adaptation and innovation :

Company had imported technology for the manufacture of Industrial Centrifuges from M/s.Krauss Maffei, West Germany and through continuous interaction with R&D, Company has been able to fully absorb and adopt this technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information is given in Notes forming part of the accounts. Members are requested to refer the said notes.

The Anup Engineering Limited

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :

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;

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 the Books of the Company.

The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account of the Company;

In our opinion, the Profit and Loss Account and the Balance Sheet read with Note No.14 relating to non-applicability of Accounting standard AS 15 issued by the Institute of Chartered Accountants of India, comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956 to the extent applicable.

In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to :

- Note No. 7 - relating to Capitalisation of Interest and finance charges upto 31st December, 1985, for entire contracted period of deferred credits under I.D.B.I. Bills Rediscounting Scheme availed for the purchase of Plant and Machinery which has resulted into the charge to the Profit and Loss Account by way of Depreciation being higher by Rs.78,280/- and consequently the Profit for the year is lower by Rs.78,280/-. The aggregate increase in the gross value of Fixed Assets is Rs.14,83,181/-; and Reserves and Surplus is Rs.2,01,189/-. The aforesaid Capitalisation of Interest on post period of installed and commissioned cost of Assets is not in accordance with the accounting practice recommended by the Institute of Chartered Accountants of India.
- Note No. 8 - relating to unprovided Gratuity Liability amounting to Rs.37.33.912/- to be charged in the year of provision or payment.
- Note No. 10 - relating to basis of providing Depreciation which is not in conformity with accounting practice recommended by the Institute of Chartered Accountants of India and consequently resulted in higher depreciation by Rs.5,82,647/- and higher aggregate cost of Fixed Assets by Rs.14,57,260/-.
- Note No. 13 - relating to change in basis of amortising payments to employees under Voluntary Retirement Scheme resulting in lower charge for the year by Rs.22,81,041/- and its consequent effect on loss for the year as detailed in the note.

and read together with other relevant notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view;

(a) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March, 1999 and

(b) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

As required by the Manufacturing and Other Companies(Auditors' Report) Order,1988 and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate we further state that :

The Anup Engineering Limited

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- i. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. As explained to us, all the Assets have been physically verified by the Management at reasonable intervals during the year. The discrepancies noticed on physical verification were not serious and have been properly dealt with in the Books of Account.
 - ii. None of the Fixed Assets have been revalued during the year;
 - iii.
 - a) The Stocks of Finished Goods, Stores, Spare parts, Raw Materials and Components have been physically verified by the Management at reasonable intervals during the year and/or at the close of the year;
 - b) As explained to us, the procedures of physical verification of the Stocks referred to in (a) above followed by the Management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
 - c) According to the records produced to us for our verification, there were no material discrepancies noticed on physical verification of Stocks referred to in (a) above, as compared to book records and the same have been properly dealt with in the Books of Account;
 - d) We have examined and verified the Stock verification records of the Company and also wherever necessary, we have physically verified the Stocks taking assistance from the technical Staff of the Company. On the basis of such examination and verification and also considering the accounting method adopted for accounting of excise and customs duty referred to in Note No. 9 to the Accounts, we are satisfied that the valuation of Stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year;
 - iv. The rate of interest and other terms and conditions on which unsecured loans have been obtained from the Companies listed in the Register maintained under Section 301 of the Companies Act, 1956, are, in our opinion, not prima facie prejudicial to the interest of the Company. The Company has not taken any loans secured or unsecured from the firms and other parties listed in the said Register and as explained to us there is no Company under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956, however pursuant to the Companies (Amendment) Act, 1999, Section 370, is, now, not applicable to a Company.
 - v. The Company has not granted any loan secured or unsecured to Companies, Firms or other parties listed in Register maintained under Section 301 of the Companies Act, 1956. As explained to us there is no Company under the same Management within the meaning of Section 370 (1-B) of the Companies Act, 1956, however pursuant to the Companies (Amendment) Act, 1999, Section 370, is, now, not applicable to a Company.
 - vi. Loans or advances in the nature of loans have been given to employees only, the loans being free of interest. The recovery of principal amount is regular as stipulated.
 - vii. 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 with regard to the purchase of Stores, Raw Materials including Components, Plant & Machinery, Equipment and other Assets and also for the sale of goods;
 - viii. According to the information and explanations given to us, the transactions of sale of goods and materials made in pursuance of contracts or arrangements entered in the Register maintained
-