THE ANUP ENGINEERING LIMITED

Annual Report 1999-2000

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

BANKERS :

Bank of Baroda

Sharehlders 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 37th Annual General Meeting of the Members of the Company will be held on Monday, the25th September 2000 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, 2000 with the documents required by law to be annexed thereto.

2. To appoint a Director in place of **Shri Chandrakant T. Parikh** , 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 V. R. Shah** , 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.

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.

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

16th August, 2000.

NOTES :

1. Printed copies of Annual Report for 1999-2000 is enclosed herewith.
2. The Register of Members and Share Transfer Books will be closed from Wednesday, the 4th October 2000 to Saturday, [redacted] October 2000 (both days inclusive) for the purpose of ascertaining the validity of transfers deeds. 14th
3. Members are requested to bring their copies of the Annual Report to the meeting.

DIRECTORS' REPORT

Your Directors submit herewith the 37th Annual Report together with the audited statements of Accounts for the year ended on 31st March, 2000.

1. FINANCIAL RESULTS :

		1999-2000		1998-1999
		(Rs.in Lacs)		(Rs.in Lacs)
Loss/Profit before interest,				
Depreciation & Taxation		(142.12)		61.20
Less : Interest	68.80		64.82	
Depreciation	20.45		21.28	
Taxation	-		-	
		89.25		86.10
Loss for the year		(231.37)		(24.90)
Less : Adjusted from Revaluation				
Reserve		210.91		-
		(20.46)		(24.90)
Expenses in respect of Previous Year		0.11		0.22
		(20.57)		(25.12)
Balance carried of the last year		122.10		147.22
Transferred from Investment Allowance				
(Utilised) Reserve		15.60		-
Balance carried to next year		117.13		122.10

In view of the loss, your Directors regret their inability to recommend any dividend for the year ended on 31-3-2000.

2. OPERATIONS :

The year under review had been another difficult year for your company. Severe demand recession in capital goods industry and decline in investment in core sector resulted in paucity of orders for your company. The sales, therefore, declined dubstantially by 45% as compared to the previous year. The trend of orders from LSTK contractors instead of direct business from actual user industries resulted in shrinkage of margins. The business of Centrifuges was also substantially lower at Rs.57.46 lacs as compared to Rs.305.76 lacs in the previous year. Thus, substantial reduction in production resulting into very low capacity utilization and shrinkage of margins substantially adversely affected working results of the comapny. The cost of interest during the year also increased because of low volumes and delayed lifting of ordered equipments by the customers. As a result, during the year under review, your company had made a operating loss of Rs.142.12 lacs and loss after interest of Rs.210.91 lacs, which your Director have set off against the transfer of equivalent amount from revaluation reserve.

The severe demand recession in the capital goods market still continues. The working results of the Company during the current year so far are discouraging. However, flow of enquiries has improved of late and it is expected that the order book position will improve.

All the systems in the company have been made Y2K compliance at no material cost.

3. **EMPLOYEES :**

A portion of labour force went on lightning illegal strike without giving any notice and without any substantial reason with effect from 29.1.2000. The Government of Gujarat, by its order dated 28.3.2000, has prohibited this strike. The Hon'ble Industrial Tribunal, by its order dated 27th July, 2000 have decided that those workers, who give an undertaking, as asked for by the company, should be taken on work. It is hoped that wiser counsel will prevail.

The majority of the workers have not joined the strike and are working and giving full cooperation.

Your Directors are pleased to record their appreciation of the services rendered by these employees and the other members of staff.

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.

4. **CONSERVATION ON ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO:**

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.

5. **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.

6. **DIRECTORS :**

Sharvashri Chandrakant T. Parikh and Shri V. R. Shah retire by rotation and being eligible, offer themselves for re-election.

7. **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 : 16th August, 2000.

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 :

	1999-2000	1998-1999
1. (a) Electricity :		
Units	5,98,420	6,60,910
Total Amount (Rs.)	29,80,664	36,12,391
Rate/Unit (Rs.)	4.98	5.47
(b) Own Generation :		
(Through Diesel Generator)		
Units	4,230	8,808
Total Amount (Rs.)	17,810	41,176
Rate/Unit (Rs.)	4.21	4.67
2. Furnace Oil :		
Qty (Liters)	1,61,000	1,12,270
Cost	14,80,458	7,09,414
Rate per	9.19	6.32

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 techinncal 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 :

	1999-2000 (Rs. in Lacs)	1998-1999 (Rs. in Lacs)
Capital	-	-
Recurring	7.57	9.27
Total	7.57	9.27
Total R&D Expenditure as % of Total Turn Over	1.14	0.78

Technology absorption, adaption and innovation :

Company had imported technology for the manufacture of Industrial Centriguges 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.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under :

1. 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;

2. 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.

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

4. In our opinion, the Profit and Loss Account and Balance Sheet read with note No.8 relating to Non-provision of gratuity liability pertaining past services prior to 31.03.1988 required by the Accounting Standard AS-15 "Accounting for Retirement Benefits" and Note No.14 - relating to non-applicability of Accounting Standard AS-10 "Accounting for Fixed Asset" as per the legal advice obtained by the Company, comply with the Accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

5. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required.

6. We draw reference to :

   (i) 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 loss for the year is higher 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.1,22,709/-. 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.

   (ii) Note No. 8 relating to unprovided Gratuity Liability amounting to Rs.37,86,904/- to be charged in the year of provision or payment.

   (iii) Note No.9(i) relating to change in the basis of accounting of Excise Duty in respect of closing stock of goods manufactured by the company, pursuant to revised guidance note on "Accounting Treatment of Excise Duty" issued by the Institute of Chartered Accountants of India, having no impact on the loss for the year.

(iv) 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.5,11,938/- and higher aggregate cost of Fixed Assets by Rs.10,86,455/-.

(v) 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.8,08,842/- and its consequent effect on loss for the year as detailed in the note.

(vi) Note No. 14 relating to setting off of balance loss for the year before depreciation amounting to Rs.2,10,91,342/- against Revaluation Reserve. Such set off is not in accordance with the accounting practice recommended by the Institute of Chartered Accountants of India. However, as per legal advice obtained by the Company, Accounting Standard AS-10 "Accounting for Fixed Assets" issued by the said institute is not applicable to such set off.

We further report that, the aggregate effect of paragraphs (i), (iv), and (v) above would have resulted in the loss for the year being higher by Rs.2,18,624/-.

Subject to what is stated in paragraphs (i), (ii), (iv), (v) and (vi) above, the Accounts 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, 2000

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 :

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 customs duty referred to in Note No. 9 (ii) 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, except the change stated in Note No.9 (i) in Schedule 18 to the Accounts.

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.

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.

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 under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or prices at which transactions for similar goods have been made with other parties. Company has not entered in any Purchase transactions during the year.

ix. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged Stores, Raw Materials, Components or Finished Goods and necessary provisions for the loss arising on the items so determined have been made in the books of account of the Company.

x. In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it from the public;