

THE ANUP ENGINEERING LIMITED



THE ANUP ENGINEERING LIMITED
AHMEDABAD

DIRECTORS:

SHRI SAMVEG A. LALBHAI Chairman
SHRI ARUN P. SHETH
SHRI PANKAJ SUDHAKER SHETH
SHRI CHANDRAKANT T. PARIKH
SHRI SHREYAS CHINUBHAI SHETH

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

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 39th Annual General Meeting of the Members of the Company will be held on Monday the 16th September, 2002 at 10-00 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, 2002 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 Sudhaker 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.

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

29th June, 2002

NOTES :

1. Printed copies of Annual Report for 2001-2002 is enclosed herewith.
2. The Register of Members and Share Transfer Books will be closed from Friday the 16th August, 2002 to Wednesday 21th August, 2002 (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.

The Anup Engineering Limited

DIRECTORS' REPORT

Your Directors submit herewith the 39th Annual Report for the year ended 31st March, 2002

along with the audited statements of Accounts for the

1. FINANCIAL RESULTS :

	2001-2002 (Rs.in Lacs)	2000-2001 (Rs.in Lacs)
Loss before Interest, Depreciation & Taxation	(83.95)	(219.32)
Less : Interest	50.50	62.16
Depreciation	17.18	19.01
Taxation	-	-
	67.68	81.17
Loss for the year	(151.63)	(300.49)
Expenses in respect of Previous Year	-	0.03
Excess Depreciation Written Back	1.32	-
Income Tax Refund	1.65	-
Balance carried of the last year	(183.39)	117.13
Balance carried to next year	(332.05)	(183.39)

In view of the loss, your Directors regret their inability to recommend any dividend for the year ended on 31-3-2002.

2. OPERATIONS:

Continued recession in the country and world over has once again contributed to an unsatisfactory performance of the Company for the 3rd year in succession. Your Company strived very hard to sustain its performance, but communal disturbances in the State and more particularly in the city disturbed the despatch schedule during the month of March, 2002 and hence, Company could not improve the turn-over which hitherto would have been higher than the last year.

Still the company could manage to reduce the losses from Rs. 300.52 Lacs to Rs. 148.66 Lacs during the year. Under the circumstances, the performance of the company may be assessed.

During the year under report 278 labours and 34 staff members opted for voluntary retirement under the Voluntary Retirement Scheme.

3. PROSPECTS:

After continuous recessionary trend for more than three years, signs of revival, though not confirmed, appears on the horizon. Your Company is quite hopeful of improving its performance during the current year.

Your Directors are putting all out efforts to bring the Company out of difficult time.

4. EMPLOYEES:

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.1,00,000/- per month or Rs.12.00 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.

The Anup Engineering Limited

5. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of Companies Act, 1956, your Directors state:

- i) that in the preparation of annual accounts, the applicable accounting standards have been followed except Accounting Standard 15 "Accounting of Retirement benefit" with regard to amortisation of additional gratuity contributions in respect of outgoing employees and with regard to leave encashment liability, non-applicability of said standard as detailed in Note 9 and 18 respectively in Schedule 18 to the account.
- ii) that such accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period.
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that the annual accounts have been prepared on going concern basis

6. REFERENCE TO BIFR :

As reported last year, the reference to BIFR has been made as per the provisions of Section 15 of the Sick Industrial Companies (Special Provision) Act, 1985.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & 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.

8. INSURANCE :

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

9. DIRECTORS :

Shri V.R. Shah, Director of the Company expired on 2-4-2002. Your Directors put on record the valuable services rendered by Late Shri V. R Shah durign the tenure of his office.

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

10. 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 : 29th June, 2002

By Order of the Board,

SAMVEG A. LALBHAI
CHAIRMAN

The Anup Engineering Limited**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 :**

	<u>2001-2002</u>	<u>2000-2001</u>
1. (a) Electricity :		
Units	5,12,850	6,39,330
Total Amount (Rs.)	30,66,130	34,54,952
Rate/Unit (Rs.)	5.98	5.40
(b) Own Generation :		
(Through Diesel Generator)		
Units	22,692	15,744
Total Amount (Rs.)	1,51,910	1,01,712
Rate/Unit (Rs.)	6.69	6.46
2 Furnace Oil:		
Qty (Litres)	67,000	66,890
Cost	6,82,912	7,27,039
Rate per (Litres)	10.19	10.86

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 :

	<u>2001-2002</u>	<u>2000-2001</u>
	<u>(Rs.in Lacs)</u>	<u>(Rs.in Lacs)</u>
Capital	-	-
Recurring	7.29	6.19
Total	7.29	6.19
Total R&D Expenditure as % of Total Turn Over	0.90	0.68

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, 2002 and also the Profit and Loss Account 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.

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.9 relating to amortisation of additional Gratuity Contributions in respect of outgoing employees and Note No. 18 regarding non-applicability of Standard to leave encashment liability required by the Accounting Standard AS-15 "Accounting for Retirement Benefits" comply with the Accounting standard referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from Directors as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required.
7. 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. 33,351/-. 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.

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| (ii) | Note No. 9 | relating to Amortisation of additional gratuity contribution in respect of outgoing employees as detailed in the note. |
| (iii) | 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. 3,91,026/- and higher aggregate cost of Fixed Assets by Rs. 2,37,991/-. |
| (iv) | Note No. 18 | regarding non-applicability of Accounting Standard AS-15 "Accounting for Retirement Benefits" - with regard to Leave encashment Liability, issued by the Institute of Chartered Accountants of India. |

We further report that, the aggregate effect of paragraphs (i) and (iii) above would have resulted in the loss for the year being lower by Rs. 4,69,306/-.

Subject to what is stated in paragraphs (i), (ii), (iii), and (iv) above, the Accounts present 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, 2002
- 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;

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- 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.8 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.
- 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;
- xi. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable Manufacturing Scrap. The Company has no by-products.
- xii. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business;
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- xiii. The Central Government has not prescribed maintenance of the Cost Record under Section 209(1)(d) of the Companies Act, 1956, for any of the product of the Company;
 - xiv. According to the records of the Company, the Provident Fund and Employees' State Insurance dues, during the year have been regularly deposited with the appropriate authorities.
 - xv. According to the records of the Company and subject to the method of accounting consistently followed by it with regard to accounting of Customs duty only at the time of removal and/or clearance of the goods as detailed in Note No. 8 to the accounts, no undisputed amounts payable in respect of Income-tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at the last date of financial year, for a period of more than six months from the date they became payable.
 - xvi. On the basis of (i) the examination of Books of Account, (ii) the Vouchers produced to us for our verification, (iii) the explanations given and representation made to us on our inquiries and (iv) the check and control relating to authorising the expenditure on the basis of contractual obligations to the employees, accepted business practices having regard to the Company's needs and exigencies, we have not come across any expenses charged to revenue which, in our opinion, and judgement and to the best of our knowledge and belief could be regarded as personal expenses;
 - xvii. The Company is a sick industrial company within the meaning of Clause (0) of subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and reference to the Board for Industrial and Financial Reconstruction is made.

Ahmedabad.
Date : 29th June, 2002

For and on behalf of
Dalal & Shah
Chartered Accountants

B.R.SHAH
Partner

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