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THE ANUP ENGINEERING LIMITED

Annual Report 2002-2003

THE ANUP ENGINEERING LIMITED
AHMEDABAD

DIRECTORS :

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

CHAIRMAN

REGISTERED OFFICE/WORKS :

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

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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

DIRECTORS' REPORT

Your Directors submit herewith the 40th Annual Report together with the audited statements of Accounts for the year ended 31st March, 2003

1. FINANCIAL RESULTS :

	2002-2003 (Rs.in Lacs)	2001-2002 (Rs.in Lacs)
Loss before Interest, Depreciation & Taxation	(50.35)	(30.30)
Less : Interest	47.93	50.50
Depreciation	14.54	17.18
Deferred Revenue Expense		
Written Off	<u>63.31</u>	<u>53.65</u>
	125.78	121.33
Provision for Taxation (Defered)	(91.10)	—
Profit/ (Loss) for the year	(85.03)	(151.63)
Excess Depreciation Written Back		1.32
Income Tax Refund		1.65
Deferred Tax Asset(Net)	121.17	
Balance carried of the last year	<u>(332.05)</u>	<u>(183.39)</u>
Balance carried to next year	<u>(295.91)</u>	<u>(332.05)</u>

In view of the loss, your Directors regret their inability to recommend any dividend for the year ended 31-3-2003.

2. OPERATIONS :

During the year under report your company achieved sales of Rs. 891.80 lacs as against sales of Rs. 823.69 Lacs during the year 2001-02. Loss before interest, depreciation and deferred revenue expenses was higher from Rs. 30.30 Lacs to Rs. 50.35 Lacs. Increase in prices of Steel and other major raw materials, rise in other input cost, squeezed margins under tough competition and working capital shortage affected the working to a large extent.

3. PROSPECTS :

After continued recession for three years, improvements in industrial environment, has started picking up the order book position of the Company. Given the favorable monsoon, your company is hopeful of improving the performance during the current year.

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

REFERENCE TO BIFR :

Your company has been registered as Sick Company by BIFR under the provisions of the Sick Industrial Companies (Special Provision) Act, 1985.

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 No.9 and 18 respectively in Schedule 18 to the account.
- ii) that accounting policies selected and applied are consistent and the judgments 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

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6. COMPLIANCE CERTIFICATE :

The compliance certificate issued in terms of Section 383A(i) provision of the Companies Act, 1956 by a Company Secretary in whole time practice is attached.

7. LISTING OF EQUITY SHARES :

Company's shares are listed on the The Stock Exchange, Ahmedabad.

8. 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.

9. INSURANCE :

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

10. DIRECTORS :

Shri Chandrakant T. Parikh retire by rotation and being eligible, offer himself for re-election.

11. 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.

12. EMPLOYEES :

There is no employee drawing salary of Rs.1 Lac 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.

13. APPRECIATION:

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

Your Directors are pleased to record their appreciation of the all support and help given by Banks, Government Authorities and other offices during the year.

Ahmedabad.

Date: 27th June, 2003

By Order of the Board,

SAMVEG A. LALBHAI
CHAIRMAN

COMPLIANCE CERTIFICATE

(UNDER PROVISIO TO SECTION 383(A)(I) OF THE COMPANIES ACT, 1956)

To,
The Members,
The Anup Engineering Ltd.,
Ahmedabad.

I have examined the Registers, Records, Books and papers of The Anup Engineering Ltd. as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Associations of the company for the financial year ended 31st March, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company its officer and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained the following Registers:

a) Register of Members.	e) Register of Investments.
b) Register of Directors.	f) Register of Shares Transfers.
c) Register of Directors Shareholdings.	g) Register of Contracts.
d) Register of Charges	

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2. The Company has filed the Forms and Returns with Registrar of Companies as per details given below :

<u>Date of Filing</u>	<u>Document filed</u>
17/04/2002	Form No. 32
12/07/2002	Statement in Lieu of Advertisement.
08/10/2002	Balance Sheet as at 31/03/2002.
08/10/2002	Compliance Certificate.
17/10/2002	Annual Return made upto 16/09/2002.
30/01/2003	Form No. 18
21/03/2003	Form No. 8 & 13.

3. The Company is not a Pvt. Ltd. and hence this para is not applicable.
4. The Board of Directors duly met four times on 29/06/2002, 27/07/2002, 31/10/2002, 28/01/2003, in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
The Company has closed its Register of Members, from 16/08/2002 to 21/08/2002. (Both days inclusive).
6. The Annual general meeting for the year ended 31/03/2002 was held on 16/09/2002 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No extra Ordinary General meeting was held during the year.
8. The Company has not given any Loans to Director and firms as referred to in Section 295.
9. The company has duly complied with the provisions of Section 297 of the Act in respect of Contracts Specified in that Section.
10. Company has made necessary entries in the Register maintained U/S 301 of the Act.
11. No relative of Directors is holding any office or place of profit hence section 314 is not applicable.
12. There is no issue of any duplicate share certificate.
13. (i) The company has delivered certificates of shares after transfer/transmission as per Act.
(ii) The company has not declared any dividend.
(iii) Unpaid dividend will be transferred as and when falling due.
(iv) Company has complied with the requirements of Section 217.
14. The Board of Directors is duly constituted and appointment of Directors has been duly made.
15. There is no appointment of Managing Director or Whole time Director during the year.
16. There is no appointment of sole selling agent.
17. There is no activity undertaken by the Company requiring approval of Company Law Board, R.D. or Central Government.
18. The Directors had disclosed their interest to the Board of Directors as per Section 299.
19. The company has not issued any shares or debentures during the year.
20. The company has not bought back any shares.
21. The company has no preference shares and debentures.
22. The company has not issued any right shares and Bonus shares.
23. The company has not accepted any deposits during the year.
24. The company has only working capital limit with banks.
25. The company has not made any loans & investments etc. during the year.
26. The company has not shifted its Registered Office from one state to another.
27. The company has not altered the object clause of Memorandum.
28. The company has not changed its name.
29. The company has not altered share capital clause of Memorandum.
30. The company has not altered its Articles of Association.
31. The company has not received any show cause notice for any offence under the Act.
32. The company has not received any security deposits from employees.
33. The company has deposited Provident Fund contribution regularly as per section 418 of the Companies Act, 1956.

Place : Ahmedabad

Date : 27/06/2003

(C. R. DAMANI)
Company Secretary
C.P. No. 445

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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 :

	2002-2003	2001-2002
1. (a) Electricity :		
Units	4,02,910	5,12,850
Total Amount (Rs.)	25,09,531	30,66,130
Rate/Unit (Rs.)	6.23	5.97
(b) Own Generation :		
(Through Diesel Generator)		
Units	21,108	22,692
Total Amount (Rs.)	2,35,704	1,51,910
Rate/Unit (Rs.)	11.16	6.69
2. Furnace Oil :		
Qty (Liters)	57,000	67,000
Cost	6,86,096	6,82,912
Rate per	12.03	10.19

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 :

	2002-2003 (Rs.in Lacs)	2001-2002 (Rs.in Lacs)
Capital		
Recurring	5.67	7.29
Total	5.67	7.29
Total R&D Expenditure as % of Total Turn Over	0.64	0.90

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.

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AUDITOR'S REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, 2003 and also the Profit and Loss Account and 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.

- 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 those books.
- 3) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the Books of Account of the Company.
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report read with Note No.13 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 written representations received from Directors as on 31st March, 2003 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2003 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 :

Note No.13 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.

Subject to what is stated above, the Accounts present a true and fair view in conformity with the accounting Principles generally accepted in India:

- (a) in the case of Balance Sheet of the State of the affairs of the Company as on 31st March, 2003 and
- (b) in the case of the Profit & Loss Account of the loss before provision for Doubtful debts 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

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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.7 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 Company has not taken any loans secured or unsecured from the companies, firms and other parties listed in the 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.
- 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. The Company has not accepted any deposits 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;