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THE ANUP ENGINEERING LIMITED
Annual Report 2004-2005

The Anup Engineering Limited

DIRECTORS' REPORT

Your Directors submit herewith the 42nd Annual Report together with the audited statements of Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS :

	2004-2005 (Rs.in Lacs)	2003-2004 (Rs.in Lacs)
Profit before Interest, Depreciation & Taxation	611.74	25.33
Less : Interest	43.38	57.22
Depreciation	10.09	12.63
	53.47	69.85
Provision for Taxation – Current	4.51	4.00
– Deferred	162.41	(54.07)
Profit for the year	391.35	5.55
Expenses relating to earlier years	–	(4.10)
Tax adjustments of earlier years	4.00	(0.25)
Loss for the year 1999-2000 previously adjusted		
to Revaluation Reserve, now transferred	(210.91)	–
Balance carried of the last year	(294.70)	(295.91)
Balance carried to next year	(110.26)	(294.70)

In view of the carried forward losses, your Directors regret their inability to recommend any dividend for the year ended 31-3-2005.

2. OPERATIONS:

Your Directors have great pleasure to report that for the year under report your company achieved sales of Rs. 2967.17 lacs as against sales of Rs.1052.48 Lacs during the year 2003-04. The sales achieved was highest ever achieved in the history of the Company. Profit before interest, depreciation and taxation was Rs. 611.74 Lacs as against Rs. 25.33 Lacs for the year 2003-04. Thus the performance of the company has improved to a great extent during the year. Apart from the improved market conditions, the efforts put in by your directors in last four years to turnaround the company has yielded results during the year.

3. PROSPECTS :

Economic indicators during the year are still positive except the prices of petroleum products. Momentum of improvement in the industrial environment is continued and your directors are hopeful that the same will be maintained during the year. Your directors are confident that the performance of your company will also be satisfactory. Order book position and inquiry base during the year is satisfactory.

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.2,00,000/- per month or Rs.24.00 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.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed.
- 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 of the company for the period.
- 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.
- that the annual accounts have been prepared on going concern basis

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6. REFERENCE TO BIFR :

By an order BIFR had rejected the Draft Rehabilitation Proposal (DRP) of the Company and had ordered to make appointment of Bank of Baroda (BoB) as Operating Agency. The company has preferred an appeal against this Order with AAIFR. The matter is scheduled to be heard in this Month and your directors are expecting favourable outcome of the Appeal.

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, earthquake, riot and malicious damage risks.

9. DIRECTORS :

Shri Samveg A. Lalbhai and Shri Pankaj Sudhakar Sheth retire by rotation and being 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.

11. APPRECIATION:

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: 10th May, 2005.

By Order of the Board,

(SAMVEG A. LALBHAI)
CHAIRMAN

COMPLIANCE CERTIFICATE

(UNDER PROVISIO TO SECTION 383(A)(1) OF THE COMPANIESACT, 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, 2005. 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 Registers as per ANNEXURE A :
2. The Company has filed the Forms and Returns with Registrar of Companies as per ANNEXURE B:
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 29/06/2004, 28/07/2004, 26/10/2004, 18/01/2005, in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
05. The Company has closed its Register of Members, from 16/09/2004 to 22/09/2004 (Both days inclusive).
06. The Annual general meeting for the year ended 31/03/2004 was held on 23/09/2004 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.
07. No extra Ordinary General meeting was held during the year.

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08. The Company has not given any Loans to Director and firms as referred to in Section 295.
09. 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 has been transferred to I.E.P.F. on 24/11/04.
(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 : 10/05/2005

C. R. DAMANI

Secretary

C. P. No. 445

ANNEXURE-A

Registers maintained by Company :

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

ANNEXURE-B

Forms and Returns filed with ROC :

Date of Filing Document filed

- | | |
|------------|-------------------------------------|
| 15/07/2004 | Statement in Lieu of Advertisement. |
| 27/09/2004 | Balance Sheet as at 31/03/2004. |
| 27/09/2004 | Compliance Certificate. |
| 04/11/2004 | Annual Return made upto 23/09/04. |

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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 :

	2004-2005	2003-2004
1. (a) Electricity :		
Units	6,97,049	5,38,680
Total Amount (Rs.)	35,77,254	31,77,153
Rate/Unit (Rs.)	5.13	5.90
(b) Own Generation :		
(Through Diesel Generator)		
Units	42,720	32,544
Total Amount (Rs.)	4,57,901	2,99,568
Rate/Unit (Rs.)	10.72	9.20
2. Furnace Oil :		
Qty (Liters)	69,160	70,823
Cost	9,15,217	9,04,405
Rate per	13.23	12.77

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 :

	2004-2005 (Rs.in Lacs)	2003-2004 (Rs.in Lacs)
Capital	-	-
Recurring	6.52	6.94
Total	6.52	6.94
Total R&D Expenditure as % of Total Turn Over	0.19	0.57

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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REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, 2005 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.

- 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 and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- 5) On the basis of written representations received from the Directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 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 with Note No.12 – relating to approval of B.I.F.R. for Sale of Surplus Land, Note No.13 – relating to de-recognition of value added on revaluation of Land rights, Leasehold and Building and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required, 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, 2005;
 - b. in the case of the Profit and Loss Account, of the Profit before for the year ended on that date; and
 - c. In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, 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. (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

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- ii. (a) As explained to us, inventories have been physically verified during the year by the management.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;
- iii. (a) According to the information and explanations given to us, the Company, has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) According to information and explanations given to us, the Company has taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act 1956. Maximum amount involved during the year was Rs.1,17,50,548/- and the year end balance of loan taken from such party was Rs.Nil. The Company has not taken any loan secured or unsecured from firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from a company listed in the register maintained under section 301 of the Companies At, 1956 are not, prima facie, prejudicial to the interest of the company.
- (d) In respect of loan taken by the Company, the payment of principal and interest are regular.
- iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our previous assessment, no major weakness in internal control system had come to our notice;
- v. (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that, the contracts or arrangements in which directors were interested and which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time;
- vi. The company has not accepted any deposits from the Public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Act and the rules framed there under apply.
- vii. In our opinion the company has an adequate internal audit system commensurate with the size of the company and the nature of its business;
- viii. 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.
- ix. (a) According the records of the Company, it has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory Dues with the appropriate authorities. According to the explanation given to us there are no arrears of statutory dues which has remained outstanding at the last date of financial year, for a period of more than six months from the date they became payable.