

ANUP

LALBHAI GROUP



THE ANUP ENGINEERING LIMITED
Annual Report 2009-2010

THE ANUP ENGINEERING LIMITED
AHMEDABAD

DIRECTORS :

SHRI SAMVEG A. LALBHAI
SHRI ARUN 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
Tel No. : 22870622

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.

DIRECTORS' REPORT

Your Directors submit herewith the 47th Annual Report together with the audited statements of Accounts for the year ended 31st March, 2010

1. FINANCIAL RESULTS :

	2009-2010 (Rs.in Lacs)	2008-2009 (Rs.in Lacs)
Profit before Interest, Depreciation & Taxation	2010.75	1582.88
Less : Interest (Gross)	266.70	252.42
Depreciation & Write off	<u>125.50</u>	<u>72.68</u>
	392.20	325.10
Provision for Taxation - Current	477.00	349.00
- Deferred	71.78	79.32
- Fringe Benefit Tax	<u>-</u>	<u>3.60</u>
	548.78	431.92
Profit for the year	1069.77	825.86
Adjustments of earlier years	<u>(15.62)</u>	<u>(3.36)</u>
	1054.15	822.50
Add: Balance as per last Balance Sheet	<u>1777.58</u>	<u>955.08</u>
Balance available for appropriation	2831.73	1777.58
Transfer to General Reserve	34.00	-
Proposed Dividend	34.00	-
Tax on above	<u>5.78</u>	<u>-</u>
Balance Carried to Balance Sheet	2757.95	1777.58

Your Directors are happy to recommend the payment of Dividend of Rs. 10/- per share (10%) for the year ended on 31st March, 2010 subject to Tax on Dividend.

2. OPERATIONS:

Your Directors are pleased to report that during the year your company could achieve turnover of Rs. 9104 Lacs as against Rs. 7893 Lacs during the year 2008-09. Profit of the company improved from Rs. 826 Lacs to Rs. 1070 Lacs during the year. Profit before interest, depreciation and tax significantly improved from Rs. 1583 Lacs to Rs. 2011 Lacs.

3. PROSPECTS:

After an unprecedented slow down world over, the signs of economic recovery were visible in the Second Half of the Financial year. Fortunately, India could withstand the Crisis in a much better way than the rest of the World and could come out of this turmoil much faster. The signs of economic recovery are reflected in improved corporate performances. Encouraged by the improved performances large corporate houses where the Capital Expenditure Program which was stalled for some time started once again. To overcome the stagnation in Industrial Development and to keep the momentum Central Government has taken series of measures including special economic packages for various industries, increased government expenditure under various programs etc. All these will help your company to improve the performance further during the current year. Order book position with your company is reasonable.

4. EMPLOYEES:

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

Statement as per Section 217(2a)(b) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended on 31.03.2010

(a) Designation (b) Remuneration Gross-Net (c) Nature of employment (d) Other terms & conditions (e) Nature of duties (f) Qualification & experience (g) Date of commencement (h) Age-years (i) Last employment before joining the company (j) Percentage of equity shares held within the meaning of section 217(2A)(iii)(a)(k) Whether the employee is a relative of any director or manager of the company and the name of such director

The Anup Engineering Limited

(A) Employed throughout the financial year under review and were in receipt of remuneration in aggregate of not less than Rs.24,00,000/- per annum.

1. .S.D.Lapalikar (a) Chief Executive (b) Remuneration Gross Rs. 45,86,119/- (Rs. 26,34,367/-) Net Rs. 42,15,544/- (Rs. 24,71,381/-) (c) Permanent (d) NIL (e) Chief Executive Officer (f) B.E (Mech) BITS with 26 years of experience (g) 30-4-2008 (h) 48 years (i) M/S Crompton Greaves limited (j) NIL (k) No

(B) Employed for a part of financial year under review and were in receipt of remuneration in aggregate of not less than Rs.2,00,000/- per month.

_____ None _____

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.
- ii) that in such 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

6. 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.

7. 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.

8. DIRECTORS :

Shri Arun P. Sheth and Shri Shreyas C. Sheth, Director of the Company, retires by rotation and being eligible, offer themselves for re-election.

9. AUDITORS :

M/s. Dalal & Shah Chartered Accountants, the existing Auditors, have expressed their unwillingness for re-appointment as Auditors of the Company on their retirement at ensuing Annual General Meeting (AGM).

Based on Report of the Directors on the recommendation of the Audit Committee, the Board of Directors of the Company proposed the appointment of M/s. Sorab S. Engineer & Co, Chartered Accountants, as the Auditors' of the Company at the ensuing AGM.

M/s. Sorab S. Engineer & Co., have expressed their willingness to act as Auditors of the Company, if appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (IB) of the Companies Act, 1956.

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.

10. Appreciation:

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

Ahmedabad.

Date: 4th May, 2010.

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 :

	2009-2010	2008-2009
1. (a) Electricity :		
Units	1712588	1342032
Total Amount (Rs.)	97,08,727	72,37,695
Rate/Unit (Rs.)	5.67	5.39
(b) Own Generation :		
(Through Diesel Generator)		
Units	29952	43272
Total Amount (Rs.)	3,90,988	8,66,730
Rate/Unit (Rs.)	13.05	20.02
2. Furnace Oil:		
Qty (Liters)	235200	227115
Cost	63,50,480	59,13,512
Rate per	27.00	26.04

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 :

	2009-2010 (Rs.in Lacs)	2008-2009 (Rs.in Lacs)
Capital	—	—
Recurring	36.42	27.09
Total	36.42	27.09
Total R&D Expenditure as % of Total Turn Over	0.40	0.34

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

COMPLIANCE CERTIFICATE

Registration No. of the Company : 04-1170
Nominal Capital : Rs. 5.00 Crores

To,

The Members

THE ANUP ENGINEERING LIMITED

Behind 66 KV Electricity Sub- Station,
Odhav Road,
Ahmedabad-382415.

I have examined the registers, records, books and papers of **M/S. THE ANUP ENGINEERING LIMITED** as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. 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 officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, on the date as mentioned in the said Annexure 'B'.
3. The Company being Public Limited Company the provisions of Section 3 (1) (iii) of the Companies Act, 1956, are not applicable.
4. The Board of Directors duly met 4 times on 25/04/2009, 28/07/2009, 26/10/2009 and 29/01/2010 during the financial year under review in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Register of members was closed from 21/07/2009 to 28/07/2009 during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2009 was held on 28/07/2009 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 financial year under review.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered in to any contract which attracts the provisions of section 297 of the companies Act, 1956 during the year under review.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act during the financial year.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government during the financial year.
12. The Company has not issued any duplicate share certificate during the year under review.
13. (i) The Company has delivered all the certificates on lodgement thereof for transfer/ transmission of securities during the financial year under review. There was no allotment of securities during the financial year.
(ii) The Company was not required to deposit any amount in a Separate Bank Account as no dividend was declared during the financial year under review.
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year under review.
(iv) The Company was not required to comply with the provisions of section 205C of the Companies

Act, 1956 as there was no amount outstanding for period of seven years to the investors of the company.

- (v) The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Director, alternate Director and Director to fill casual vacancy during the financial year.
 15. The Company has not appointed any managing director, whole-time director or manager during the financial year under review.
 16. The Company has not appointed any sole selling agent during the financial year.
 17. The Company was not required to obtain the approval of Company Law Board, Registrar of Companies, Regional Director or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
 18. The Directors have disclosed their interest in Form No.24AA to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any shares / any debenture/ other securities during the financial year under review.
 20. The Company has not bought back any securities during the financial year.
 21. The Company has not redeemed any preference shares /debentures during the year under review.
 22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
 23. The Company has not accepted or renewed deposits including unsecured loans falling within the purview of Section 58A during the financial year.
 24. The amount borrowed by the Company during the financial year is within the borrowing limits of the Company and in compliance with the provisions of Section 293(1)(d) of the Companies Act, 1956.
 25. The Company has made loan to other bodies corporate and also given corporate guarantee in compliance with the provisions of Section 372A of the Companies Act, 1956. However, the company has not provided securities to other bodies corporate.
 26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's registered office from one State to another during the financial year.
 27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the financial year.
 28. The Company has not altered the provisions of the memorandum with respect to the name of the Company during the financial year.
 29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the financial year under scrutiny.
 30. The Company has not altered its Articles of Association during the financial year under review.
 31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
 32. The Company has not received any money as security deposit from its employees during the financial year.
 33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities which is within prescribed time limit.

FOR RAJESH PAREKH & CO.
Company Secretary

PLACE: AHMEDABAD
DATE: 04/05/2010

RAJESH PAREKH
Proprietor
CP. NO.: 2939
M. NO.: 8073

The Anup Engineering Limited

ANNEXURE “A”

Statutory and Other Registers maintained by the Company :

1. Register of Directors u/s. 303
2. Register of Members u/s. 154
3. Register of Share Transfers.
4. Minutes Book of the Board of Directors Meetings, Committee meeting and General Meetings of the Company.
5. Register of Directors' Shareholding u/s.307
6. Register of Contracts u/s.301
7. Register of Charges u/s. 125
8. Register of Investments.
9. Register of Attendance of Board Meetings
10. Register of Attendance of General Meetings

ANNEXURE “B”

Forms and Return as filed by the Company with the Registrar of Companies, Gujarat during the financial year ended on 31/03/2010

S.R. NO.	FORM NO./ RETURN	FILED UNDER SECTION	FOR	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEES PAID
1.	Statement in Lieu of Advertisement. (Form-62)	Rule 4A of Companies (Acceptance of Deposit) Rules, 1975.	Accept Deposit for the year 2009-10	12/05/2009	YES	N.A.
2.	Form 8	135	Modification of Charge dated 11/07/2009	04/08/2009	YES	N.A.
3.	Form 23	192	Ordinary Resolution passed u/s. 293(1)(d) at AGM	10/08/2009	YES	N.A.
4.	Form 66	383A	Compliance Certificate	10/08/2009	YES	N.A.
5.	Balance Sheet (Form 23AC & Form 23ACA)	220	31/03/2009	18/08/2009	YES	N.A.
6.	Annual Return (Form 20B)	159	28/07/2009	21/09/2009	YES	N.A.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The sales of the Company has improved from Rs. 7893 Lacs to Rs. 9104 Lacs. Profit before Taxation increased from Rs. 1258 Lacs to Rs. 1619 Lacs, during the previous year and Profit net of Tax also shown rise from Rs. 822 Lacs to Rs.1054 Lacs, during the previous year.

Industry Structure & Developments

The Company is in heavy fabrication industry and is one of the leading players since last 40 plus years. Your company is one of the very few companies in the country, which has integrated fabrication facilities under one roof. Your Company cater to, Refinery, Power Industry, Process Manufacturing, Chemical & Petro Chemical, Pharma etc. industries of the Country. Range of products includes process equipments, pressure vessels, heat exchangers, columns, centrifuges, chlorine tonners and vessels, expansion bellows etc.

Opportunities and threats

India was fortunate to come out this sudden slow down world over and that too without major impact on the economic development. Your company was holding reasonable order book position at the beginning of the financial year. Hence the performance of your company was not affected much during the year. In fact it showed some improvements. This was possible because of raw material price advantage in company's favour.

But the same may not be repeated in the current year. Further inflation which was in Fraction during the previous year has gone up at a historical high. The Central bank is taking series of measures to curb the inflation. But the impact of this would result in increased finance cost. Order book position at the beginning of the year is though reasonable, the profit margin may not be comparable to the earlier year. Still with improved productivity and change in product mix your company is reasonably sure to maintain the performance.

Strengths and Weakness:

During the year company further increased its Manufacturing facilities and entered in higher weight equipment manufacturing segment. Company is "U" stamped manufacturer and is also ISO 9001:2000 registered company. Company has also obtained OHSAS registration during the year. Company makes use of latest engineering software technology like Micropotal, PVELITE-2009, COMPRESS-6260, PERT-CPM, IMMS etc. as design, manufacturing and process control tools. Company is leading quality fabricator. All these will give an edge to the company. Being Subsidiary of Arvind Limited, Company is proud member of leading industrial house in the country.

Even after early recovery slow progress in Capital Expenditure Program of Large Industrial Houses, delay in execution, huge working capital requirements, terms dictating capacities of large customers etc. may affect the profitability of the company.

Outlook

Company is having reasonable order book position on hand. But the future working of the company will largely depend on the improvement in the Capital Expenditure of Program Large Industrial Houses and continued expansion of Public Sector Undertakings which are major customers of the company. But still the company may feel pressure on the operating margins during the year.

Internal Control System

The Company has in place adequate structure of Internal Controls for safeguarding the assets of the Company; ensuring transactions are duly authorized, recorded, reported and are in accordance with policies; preventing possibilities of fraud or any other irregularities. The adequacy, efficiency and effectiveness of controls are independently reviewed by the Independent Internal Auditors, as part of their audit plan. As a process of continuous improvement of controls, remedial actions on the audit observations are implemented by functional heads. The annual audit plan is reviewed by the Audit Committee and major findings and actions taken/proposed to be taken are also reported to the Audit Committee.

Human Resources

The attrition ratio has now come down. But there is still mismatch in demand-supply level of technical persons at senior levels. Increase in Remuneration Packages is becoming a major concern. Group HR Department is striving hard to come out of this situation and has been successful to some extent. With all-round actions, your company is confident to come out of this situation. Industrial relations continue to be cordial.

For and on behalf of the Board of Directors

Ahmedabad
May 04, 2010

SAMVEG A. LALBHAI
Chairman

PS: Statements in this Report of projections, estimates, expectations or predictions are based on certain assumptions. The Company cannot guarantee that these assumptions are accurate or will be realized. The actual results, performance or achievements of the Company could thus differ materially from those projected or estimated.

The Anup Engineering Limited

REPORT ON CORPORATE GOVERNANCE

1) Company's philosophy on Code of Corporate Governance:

The company is committed to following the best corporate governance practices in all its pursuits. The basic philosophy of Corporate Governance of the Company is to achieve business excellence and enhance the shareholder value, keeping in view the interests of all stakeholders. The Company aims at achieving this objective by ensuring transparency in its functioning by truthful and complete communication to all its stakeholders and by inculcating a culture of ethical business conduct in all its operations.

2) Board of Directors:

The Board of Directors is governed by the provisions of the Companies Act, 1956, the Articles of Association of the Company and Clause 49 of the Listing Agreement entered with the Stock Exchange. The Company has a balanced structure of the Board of Directors. The present strength of the Board is five Directors, comprises of 4 Non- executive Directors and 1 Promoter Director. As against minimum requirement of 1/3rd of the Independent Directors as per the listing agreement, Independent Directors account for 60% of the Board's strength.

2.1 Composition and category of Directors as at 31st March 2010:

The details of composition of the Board and summary of other directorships and Board Committee Memberships of each of Directors as on 31st March, 2010 are as follows:

Sr. No.	Name of the Directors	Category	No. of other Directorships held in public limited cos.	No. of membership/ chairmanship on the Committee(s) of the Board
1.	Mr. Samveg A. Lalbhai - Chairman	Non Executive - Non-Independent	03	Chairmanship _ 1 Membership _ 1
2.	Mr. Arun P. Sheth – Director	Non Executive- Non-Independent	01	-
3.	Mr. Shreyas C. Sheth – Director	Non Executive – Independent	05	Membership _ 1
4.	Mr. Chandrakant T. Parikh – Director	Non Executive – Independent	-	-
5.	Mr. Pankaj S. Sheth – Director	Non Executive – Independent	-	-

The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors is a Member of more than 10 committees and Chairman of more than 5 committees across all Indian public limited companies in which he is a Director.

2.2 Number, Day, Date and Venue of the Board Meetings held in the year 2009-10:

The Company holds at least four board meetings in a year with at least one meeting in each quarter to review the quarterly financial results and other items of the Agenda. Additional meetings are held when necessary. Meeting of the Board are scheduled well in advance. During the Financial Year 2009-10, the Board Meetings were held Four times as follows:

Sr. No.	Day	Date	Venue
1	Saturday	25.04.2009	Ahmedabad.
2	Tuesday	28.07.2009	Ahmedabad.
3	Monday	26.10.2009	Ahmedabad.
4	Friday	29.01.2010	Ahmedabad.

All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. The information as required under Annexure IA to the Clause 49 of the Listing Agreement is also made available to the Board of Directors.