



**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. : (079)22870622

**AUDITORS :**

MESSERS SORAB S ENGINEER & CO.  
Chartered Accountants

**BANKERS :**

Bank of Baroda

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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 49<sup>th</sup> Annual Report together with the audited statements of Accounts for the year ended 31st March, 2012

**1. FINANCIAL RESULTS :**

	<b>2011-2012</b> <b>(Rs.in Lacs)</b>	<b>2010-2011</b> <b>(Rs.in Lacs)</b>
Profit before Interest, Depreciation & Taxation	506.90	826.25
Less : Interest	276.79	352.62
Depreciation & Write off	<u>204.59</u>	<u>187.83</u>
	481.38	540.45
Provision for Taxation		
- Current	5.00	58.50
- Deferred	11.94	104.77
- Less: MAT Credit Entitlements	<u>3.02</u>	<u>58.50</u>
	13.92	104.77
Profit for the year	11.60	181.03
Adjustments of earlier years	-	-
	11.60	181.03
Add: Balance as per last Balance Sheet	<u>2865.46</u>	<u>2757.95</u>
Balance available for appropriation	2877.06	2938.98
Less : Transfer to General Reserve	-	34.00
Proposed Dividend	-	34.00
Tax on above	-	5.52
Balance Carried to Balance Sheet	2877.06	2865.46

To conserve the resources your Directors propose to skip the payment of Dividend for the year.

**2. OPERATIONS:**

Your Directors are pleased to report that during the year your company could achieve turnover of Rs. 7446 Lacs as against Rs. 8868 Lacs during the year 2010-11. The Turnover for the year was lower than the previous year because of slow down in the capital industry. Profit for the year also reduced from Rs. 181 Lacs to Rs. 12 Lacs during the previous year. Profit before interest, depreciation and tax shown decline from Rs. 826 Lacs to Rs. 507 Lacs because of lower turnover.

**3. PROSPECTS:**

Unprecedented slow down has affected the developed economies of the world and in particular European Unions to a great extent. Even the Euro as a currency has experienced a threat within the member countries. Developing economies are also experiencing the heat of this turmoil. India is no exception. Further steep rise in crude prices coupled with depreciation in rupee value has affected the Current Account balance of the country. On the local front government and RBI trying hard to control the inflation but the results are far from satisfaction even after series of actions by RBI including increase in REPO and REVERSE REPO rates several times. The rising cost of borrowing and increase in major commodity prices coupled with double digit inflation has affected the economic development of the country. The GDP growth rate guidance is revised several times with a negative bias from 8.6 % to 7.2 %. All these have affected the Capital Expenditure program of various companies across the industries. Your company is directly affected by such an industrial scenario. In view of this your company is striving hard to maintain the momentum of

# **The Anup Engineering Limited**

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revival your company has achieved over last couple of years. The order book position of your company is reasonable and your directors are hopeful of improved economic scenario and in turn working of your company.

## **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. 5,00,000/- per month or Rs. 60,00,000/- 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 and forming part of the Director's Report for the year ended on 31.3.2012

## **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 Chandrkant T Parikh Director of the Company, retire by rotation and being eligible, offer himself for re-election.

## **9. AUDITORS :**

You are requested to reappoint 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.

## **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.  
5<sup>th</sup> May 2012.

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 :**

	<u>2011-2012</u>	<u>2010-2011</u>
<b>1. (a) Electricity :</b>		
Units	1589300	1770100
Total Amount (Rs.)	9237931	9638486
Rate/Unit (Rs.)	5.81	5.45
<b>(b) Own Generation :</b>		
(Through Diesel Generator)		
Units	33240	33888
Total Amount (Rs.)	585344	665762
Rate/Unit (Rs.)	17.51	19.65
<b>2. Furnace Oil:</b>		
Qty (Liters)	141300	193540
Cost	5479231	7911386
Rate per Liters	38.78	40.88

**FORM B**

**B. TECHNOLOGY ABSORPTION :**

**Research and Development :**

**(a) Specific areas in which R and D carried out by the Company :**

The Company has a Research and 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 and D:**

As a result of Company's Research and 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 and D set out under para (a) above.

**(d) R and D Expenditure:**

	<u>2011-2012</u> (Rs.in Lacs)	<u>2010-2011</u> (Rs.in Lacs)
Capital	-	-
Recurring	60.50	55.02
Total	60.50	55.02
Total R and D Expenditure as % of Total Turn Over	0.81	0.62

**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 and 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.

## COMPLIANCE CERTIFICATE

CIN : L99999GJ1962PLC001170

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 31<sup>st</sup> March, 2012. 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 11/05/2011, 26/07/2011, 03/11/2011 and 07/02/2012 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 08/07/2011 to 15/07/2011 during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2011 was held on 15/07/2011 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 duly complied with 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 issued 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 has deposited the amount of dividend in a separate Bank Account within the prescribed period during the financial year.  
(iii) The Company had posted warrants for dividend to all members of the Company within a period of 30 days from the date of declaration.  
(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 is within the borrowing limits and in compliance with the provisions of Section 293(1) (d) of the Companies Act, 1956.
  25. The Company has not given any loans or provided any guarantees to other bodies corporates during the financial year, however it had already complied with the provision of Section 372A of the Companies Act, 1956 in respect of the previous year.
  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**

**5<sup>th</sup> May 2012.**

**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 31/03/2012

SR. 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 2011-12	31/05/2011	YES	N.A.
2.	Form 66	383A	Compliance Certificate	05/08/2011	YES	N.A.
3.	Balance Sheet (Form 23AC & Form 23ACA)	220	31/03/2011	28/12/2011	YES	N.A.
4.	Annual Return (Form 20B )	159	15/07/2011	12/09/2011	YES	N.A.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The sales of the company shown decline during the year from Rs. 8868 Lacs to Rs.7446 Lacs. The Turnover for the year was lower than the previous year because of slow down in the capital industry. Profit for the year also reduced from Rs. 181 Lacs to Rs. 12 Lacs during the previous year. Profit before interest, depreciation and tax shown decline from Rs. 826 Lacs to Rs. 507 Lacs because of lower turnover.

### 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 caters 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 tuners and vessels, expansion bellows etc.

### Opportunities and threats

Though the slow down world over had not affected the Indian Economy in the initial years after effects has impacted India also. Your company was holding reasonable order book position at the beginning of the financial year but the mix of orders and margins in orders in hand were not healthy as in the earlier years. Further, increase in Raw Material prices coupled with constant double digit inflation and rising interest rates badly affected the performance of the Company.

Situation in the current year has not yet improved. Further inflation has not shown signs of major improvement even during the current year. The Central bank has continued to tighten monetary policy and is taking series of measures to curb the inflation. But the impact of this has resulted in increased finance cost. Order book position at the beginning of the year is reasonable but not to the satisfaction of the Management. Even the profit margin may not be comparable to the earlier years. Still with improved productivity, focus on new markets and change in product mix your company is reasonably sure to improve the performance as against the year under report.

### Strengths and Weakness:

As reported last year your company further increased its Manufacturing facilities and entered in higher weight equipment manufacturing segment. Company is "U" stamp manufacturer and is also ISO 9001:2000 registered company. Company has also obtained OHSAS registration. Company has also obtained "U2" "S" and "R" Certification. With this Company would be in a better position to explore the Export Market. Company makes use of latest engineering software technology like Microprotol, 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

Though Company is having reasonable orders on hand but compared to earlier years the position of orders on hand is little lower. Hence the future working of the company will largely depend on the improvement in the Capital Expenditure Program of Large Industrial Houses and continued expansion of Public Sector Undertakings which are major customers of the company. Even during the current year 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 in the industry is on a very high level. 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.

Ahmedabad

5<sup>th</sup> May 2012.

For and on behalf of the Board of Directors  
**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.

## REPORT ON CORPORATE GOVERNANCE

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

The Company believes that Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the object of the Company, enhance shareholder value and discharge of social responsibility. Corporate Governance is way of life, rather than a mere legal compulsion. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit. This is reflected in the Company's philosophy on Corporate Governance. The Company believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholders' value by focusing towards all stakeholders. The core values of the Company are based on integrity, emphasis on product quality and transparency in its dealing with all stakeholders.

### 2) Board of Directors:

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of Listing Agreement entered into with the stock exchange in which the Company's shares are listed. 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 31<sup>st</sup> March 2012:

The details of composition of the Board and summary of other directorships and Board Committee Memberships of each of Directors as on 31<sup>st</sup> March, 2012 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	02	Membership _ 1
2.	Mr. Arun P. Sheth – Director	Non Executive-Non-Independent	01	-
3.	Mr. Shreyas C. Sheth – Director	Non Executive – Independent	01	-
4.	Mr. Chandrakant T. Parikh – Director	Non Executive – Independent	-	-
5.	Mr. Pankaj S. Sheth – Director	Non Executive – Independent	-	-

All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies. None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (Committees being Audit Committee and Investors' Grievance Committee) across all the companies in which he is a Director. And none of them hold the office of Director in more than 15 public companies.

### 2.2 Number, Day, Date and Venue of the Board Meetings held in the year 2011-2012 :

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. The Board of Directors met 4 times during the year and maximum gap between any two meetings was less than 4 months. Details are as follows:

Sr. No.	Day	Date	Venue
1	Wednesday	11.05.2011	Ahmedabad.
2	Tuesday	26.07.2011	Ahmedabad.
3	Thursday	03.11.2011	Ahmedabad.
4	Tuesday	07.02.2012	Ahmedabad.