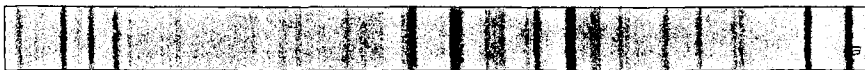


Sixth Annual Report 1997-98

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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Sixth Annual Report 1997-98

CENLUB INDUSTRIES LIMITED

DIRECTORS

SHRI V.K. MITTAL — Chairman And Managing Director
 SHRI AMOD AGRAWAL — Whole Time Director
 SHRI AMAN MITTAL — Whole Time Director
 SHRI S.K. GUPTA
 SMT. MADHU MITTAL
 SHRI KRISHAN GOPAL GUPTA
 SHRI VISHU GUPTA
 SHRI R.P.VORIA
 SHRI DINESH KAUSHAL

**COMPANY SECRETARY cum
 FINANCE MANAGER**
 DEEPAK RAJ JAIN

AUDITORS

SATISH SINGLA & CO.
 Chartered Accountants

BANKERS

State Bank of India
 SIB Branch, Faridabad

AGM-98

Date : 30th Sep. 1998
 Time : 10.00 A.M.
 Venue : Vishwa Yuvak Kendra, New Delhi

REGISTERED OFFICE

205, K-138 Kalkaji
 New Delhi-110019

WORKS

UNIT - I
 78, DLF Industrial Estate-I
 Faridabad - 121003 (HARYANA)

UNIT - II

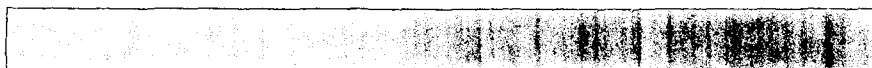
35, DLF Industrial Estate - I
 Faridabad - 121003 (HARYANA)

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Profit and Loss Account	8
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CENLUB



NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Members of Cenlub Industries Limited will be held at VISHWA YUVAK KENDRA , CIRCULAR ROAD, CHANAKYA PURI, NEW DELHI-21 on Wednesday, the 30th day of September, 1998, at 10:00 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Accounts of the company for the Financial year ended 31st March, 1998, the balance sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Krishan Gopal Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. Vishu Gupta who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification following Resolution as an ordinary resolution: -

RESOLVED

THAT M/s. Satish Singla & Co. Chartered Accountants, Faridabad be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be mutually agreed between the Board of Directors of the Company and the said Auditors.

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By Order of the Board
For CENLUB INDUSTRIES LTD.

Place : New Delhi
Date : 26th August, 1998

V.K.MITTAL
MANAGING DIRECTOR

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxy in order to be effective must be deposited at the Registered Office of the Company not later than fortyeight hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday the 16th September, 1998 to Wednesday the 30th September, 1998 (both days inclusive).
3. Please quote your folio number in all correspondence for each type of query/complaint.
4. Members are requested to forward all queries regarding Accounts at the Registered Office of the Company on or before 15.9.1998
5. Members are requested to bring their copies of the Annual Report to the meeting.

By Order of the Board
For CENLUB INDUSTRIES LTD.

Place : New Delhi
Date : 26th August, 1998

V.K.MITTAL
MANAGING DIRECTOR



DIRECTORS' REPORT :

TO THE MEMBERS OF CENLUB INDUSTRIES LTD.

Your Directors have pleasure in presenting the Sixth Annual Report on the working of the Company together with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	1998	1997
Sales & other Income	483.28	582.33
Profit (-Loss) before Depreciation & tax	-2.52	26.96
Depreciation	10.04	8.85
Profit (-Loss) before Tax	-12.56	18.11
Provision for tax	—	6.69
Profit (-Loss) after Tax	-12.56	11.42
Surplus Available for Appropriation	99.32	111.88
Appropriation Gratuity Provision for earlier years	5.62	—
Retained profit carried forward to the next year	93.70	111.88

OPERATIONS & FUTURE PROSPECTS

The performance of your company during the year 1997-98 is not good. The turnover has come down to Rs. 470 Lacs from Rs. 577 Lacs in the previous year. The company has incurred a loss of Rs. 12.56 Lacs as compared to the Profit of Rs. 11.42 Lacs in the previous year, the reason for this loss is quite apparent i.e. heavy market recession, financial crunch on every front of the industry. However the Company has generated cash accruals.

In the year 1997-98 the import of machines have gone to the peak because of low cost and deviations of currencies in South East Asia. The machine which are coming from Taiwan, Korea, China are available at much lower price than their Indian counter part and that is the reason our Machine Tool Industry has done equally bad in their business. Since our product goes as original equipment to the Machines Tool, that is why we got effected which is reflected in our sale. We have tried to reduce the overheads but due to having fixed part it could not be reduced relatively in terms of sales. We tried our best to get orders from Kobe Steel for compressors in this financial year but because of heavy financial crunch at big groups like TISCO, ESSAR OIL, ROURKELA STEEL PLANT the orders for compressor are yet to be finalised. However, your company has got an order for the supply of Oil Circulatory System for compressor.

In the year 1998-99 your company is trying to do better but the situation on financial and political fronts in the country is still verse and industries are not doing well. This year we are trying our best to cross the last year sale. Our officers, staff, workers are quite serious enough to do their best so that they can get profit this year but it will all depend upon the country economy and policy.

DIVIDEND

In view of the losses suffered by the company during F. Y. 1997-98, your Director do not recommend for payment of dividend.

DIRECTORS

Sh.KRISHAN GOPAL GUPTA retires by rotation and being eligible offer himself for re-appointment.

Sh. VISHU GUPTA, retires by rotation and being eligible offer himself for re-appointment.

FIXED DEPOSIT

During the year under review your company has not invited any deposits from the Public Under Section 58 A of the Companies Act, 1956.

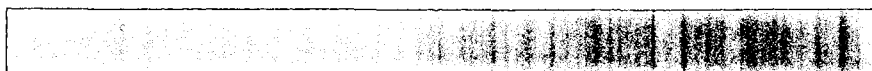
HUMAN RESOURCES

During the year your company has maintained cordial relationship with its employees. The Board places on record its deep appreciation of contribution made by all employees of company.

There are no employees whose particulars are required to be given under section 217 (2A) of the companies Act, 1956 read with the companies (particulars of employees) rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

Information required to be given pursuant to section 217(1) (e) of the companies Act, 1956 read with the Companies (Disclosures of particulars in the report of the Directors), Rules 1988 and forming part of the Director's report for the year ended 31st March, 1998 are annexed to this report.



AUDITORS

M/s. Satish Singla & Co. Chartered Accountants the company's Auditors retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment which, if made, will be in confirmation with the provisions of section 224 (1B) of Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors express their sincere appreciation and thank our Employees, Customers, Suppliers, Banks, Shareholders, Central and Haryana Government for their valuable co-operation and assistance.

For and on behalf of the Board

Place : New Delhi
Date : 26th August, 1998

V.K. MITTAL
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo

A. CONSERVATION OF ENERGY

- Energy Conservation Measures Taken : Control on illumination lights and use of D.G. set is being taken, However your company operations involve low energy consumption.
- Additional Investment and Proposals, 'if any', being implemented for reduction in consumption of energy : NIL
- Impact of measures (a) & (b) above on reduction of energy consumption and consequent impact on production of goods : Not Significant.

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the company:

- Development of Lubrication System for locomotives for Railways continuous. Orders for 5 Locomotives already received.
- Development of Hi-Tech items for washing machine is over, orders from Voltas already recieved, Videocon and BPL orders are expected.
- Development of Lubrication Pump continuous for HMT Tractor.
- Development of Megnato assembly for Birla Yamaha genset is under process.

2. Benefits derived as a result of the above R & D.

Further improvement in quality. development of new products as per customer's requirements, diversification with regard to import substitution.

3. Future plan of action.

Efforts are being made to make Oil Circulatory System for compressors particularly for Kobe Steel Limited, Japan. Infact, one order is already in hand and after successful performance of this O.C.S., Kobe Japan may adopt our system as original equipment for their compressor.

4. Expenditure on R & D.

No separate details of such expenditure can be ascertained. Research and Development is being carried out in normal course of business.

Technology Absorption, Adaptation and Innovation:

- Efforts in brief made towards technology absorption, adaptation and innovation and benefits derived therefrom. NIL
- Imported Technology : No new Technology was imported during the year.

C FOREIGN EXCHANGE EARNINGS AND OUTGO.

Details of Foreign Exchange, earnings and Outgo are given in schedule XVIII to the notes of the enclosed Accounts.

For and on behalf of the Board

Place : New Delhi
Date : 26th August, 1998

V.K. MITTAL
CHAIRMAN



AUDITORS' REPORT

TO THE MEMBERS OF CENLUB INDUSTRIES LIMITED

1. We report that we have audited the attached Balance Sheet of CENLUB INDUSTRIES LTD. as at 31st March 1998 and the related Profit & Loss Account for the year ended on that date, both of which we have signed under reference to this report.
2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit & Loss Account together with the statement on Accounting Policies and the Notes on Accounts attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and also give respectively a true and fair view of the state of the Company's affairs as at 31st March 1998 and its loss for the year ended on that date.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as it appears from our examination of the books and the above mentioned accounts are in agreement therewith.
4. As required by the manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
 - 4.1 The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical verification have been noticed.
 - 4.2 The fixed assets of the company have not been revalued during the year.
 - 4.3 The stocks of finished goods, stores and spares, and raw materials of the company including scrips have been physically verified by the management at the year end.
 - 4.4 In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - 4.5 The discrepancies between the physical stocks and the books stocks, which have been properly dealt with were not material.
 - 4.6 In our opinion, the valuation of stocks has been fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
 - 4.7 The company has taken unsecured loan from the Directors. Terms and conditions are not prima-facie prejudicial to the interest of company. We are informed that there is no company under the same management of this company.
 - 4.8 The company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. There is no company under the same management of this company.
 - 4.9 In respect of loans or advances in nature of loans given by the Company, where stipulations have been made, the parties are generally repaying the amounts as stipulated and have also been regular in the payment of interest where applicable.
 - 4.10 In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of stores and spares, raw materials including components, plant and machinery, equipment and similar assets and for the sale of goods.
 - 4.11 In our opinion, purchase of goods and materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or prices on technical



SANSOCO SERVICES

- valuation basis as the same are not readily available in the market as informed by management. There is no sale of goods, materials & services to such parties aggregating to Rs.50,000/- during the year.
- 4.12 The company has a system of determining unserviceable or damaged stores and raw materials or finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate provision for the loss has been made in the accounts.
- 4.13 The company has not accepted any deposits from the public.
- 4.14 In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap. The company has no by-products.
- 4.15 In our opinion, the company has an adequate internal audit system commensurate with the size & nature of its business.
- 4.16 According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under section 209(i)(d) of the Companies Act, 1956 in respect of the products dealt with by the company.
- 4.17 According to the records of the company, Provident Fund and E.S.I. dues have been regularly deposited during the year with appropriate authorities and there are no arrears of Provident Fund and E.S.I. at 31st March 1998.
- 4.18 According to the informations and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March 1998 for a period of more than six months from the date they became payable.
- 4.19 During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practice we have not come across any personal expenses which have been charged to the profit & loss account, nor have been informed of any such case by the management.
- 4.20 The company is not a sick industrial company within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 4.21 No loan/advance on the basis of security by way of pledge of shares, debentures and other securities has been made during the year.
- 4.22 The provisions of any special statute applicable to chit fund, nidhi or mutual benefit society do not apply to the company.
- 4.23 The company has maintained proper records of transactions and contracts in respect of trading in shares, and timely entries have been made therein. The investments are held by the company in its own name except to the extent for certain shares which are either lodged for transfer or held with valid transfer forms.

For SATISH SINGLA & CO.
(Chartered Accountants)

(Satish Singla)
Partner

Place : New Delhi
Date : 26th August, 1998