

Tenth Annual Report 2001-2002




CENLUB

TENTH ANNUAL REPORT 2001-2002

CENLUB INDUSTRIES LIMITED

DIRECTORS

SHRI V.K. MITTAL	:	Chairman And Managing Director
SHRI AMAN MITTAL	:	Whole Time Director
SHRI S.K. GUPTA	:	Director
SMT. MADHU MITTAL	:	Director
SHRI KRISHAN GOPAL GUPTA	:	Director
SHRI VISHU GUPTA	:	Director
SHRI ANOOP GUPTA	:	Director

AUDITORS

SATISH SINGLA & CO.
Chartered Accountants

BANKERS

State Bank of India
SIB Branch, Faridabad

REGISTERED OFFICE

205, K-138 Kalkaji
New Delhi-110019

WORKS

UNIT-I

35, DLF Industrial Estate - I
Faridabad - 121 003 (HARYANA)

UNIT-II

45-B, 2ND PHASE
PEENYA INDUSTRIAL AREA
BANGLORE-560 058
KARNATAKA

AGM-2002

DATE	:	30.10.2002
TIME	:	9:00 A.M.
VENUE	:	COMMUNITY CENTRE ALLI VILLAGE NEW DELHI - 44

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**NOTICE**

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of the Members of Cenlub Industries Limited will be held at Community Centre, Aali Village, New Delhi-44 on Wednesday 30th day of October 2002 at 9:00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March 2002 and the Profit & Loss Account of the company for year ended 31st March, 2002, and the reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Mrs. Madhu Mittal who retires by rotation and being eligible, offer herself for re-appointment.
3. To appoint Director in place of Mr. Anoop Gupta who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint M/S Satish Singla & Co. Chartered Accountants Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Ordinary Resolution** :

"RESOLVED that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents approvals and permissions as may be needed, Mr. V.K. Mittal be and is hereby appointed Managing Director of the company for a period of five years with effect from 1st June, 2002 on the terms and conditions of his appointment / remuneration as set out in the Explanatory Statement annexed hereto.

FURTHER RESOLVED that the remuneration Committee formed by the Board of Directors of the Company be and is hereby authorised to alter or vary the said terms and conditions as its discretion as it may deem fit and as acceptable to Mr. V.K. Mittal within the limits specified in the Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in that regard.

FURTHER RESOLVED that the remuneration Committee formed by the Board of Directors of the Company be and are hereby authorised to do all such such acts, matters and things as may be necessary, requisite, desirable or expedient for giving effect to the foregoing Resolution.

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Ordinary Resolution** :

"RESOLVED that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents approvals and permissions as may be needed, Mr. Aman Mittal be and is hereby appointed Whole Time Director of the company for a period of five years with effect from 1st October, 2001 on the terms and conditions of his appointment / remuneration as set out in the Explanatory Statement annexed hereto.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to alter or vary the said terms and conditions as its discretion as it may deem fit and as acceptable to Mr. Aman Mittal within the limits specified in the Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in that regard.

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to do all such acts, matters and things as may be necessary, requisite, desirable or expedient for giving effect to the foregoing Resolution.

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution** :

"RESOLVED THAT, pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, all the Article contained in the draft printed document submitted to this meeting be and are hereby approved and adopted as the Article of Association, in substitution for and to the entire exclusion of the existing Articles of Association of the Company;"

"RESOLVED FURTHER THAT the various provisions set out in the Articles of Association consequent upon the requirements stipulated due to dematerialisation of the Shares' as per the agreement entered by the company with NSDL & CDSL be and are hereby approved



Clause No. 36-A- DEMATERIALISATION OF SECURITIES.

(a) Definitions

For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.

'SEBI' means the Securities & Exchange Board of India.

'Depository' means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992, and

'Security' means such security as may be specified by SEBI from time to time.

(b) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or any amendments thereof.

(c) Issue of Securities and option for investors

Notwithstanding anything contained in these Articles the company shall be entitled to dematerialise its securities under the Depositories Act and offer and issue its securities in the dematerialised form and the company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines.

(d) Securities in depository mode to be in fungible form.

All securities held in the depository mode with a depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of the beneficial owner, nothing contained in section 153, 153A, 153B, 187C, and 375A of the Act shall apply.

(e) Rights of depositories and Beneficial Owners

I. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

II. Save as otherwise provided in (a) above, the depository as the registered owner of securities shall not have any voting or other rights in respect of the securities held by it.

III. Every person holding securities of the company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all liabilities in respect of the securities held by the depository.

(f) Service of documents

Notwithstanding anything to the contrary in the Act or these Articles, where securities are held in a depository mode, the record of the beneficial owner may be served by a depository on the Company by means of electronic mode or by delivery of floppies or discs.

(g) Transfer of securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a depository as beneficial owners.

(h) Distinctive numbers of securities held in the depository mode.

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

**(i) Register and Index of beneficial Owners**

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be Register and Index of Members and holders of securities for the purpose of these Articles and the Act.

By Order of the Board
For **CENLUB INDUSTRIES LTD.**

Place : Faridabad
Date : 16th September, 2002

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 forty eight hours before the commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company shall remain closed from 24th October, 2002 to 30th October, 2002 (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 20th October, 2002.
5. Information pursuant to Corporate Governance clause of the Listing Agreement(s) regarding the re-appointment of Directors in the Annual General Meeting.

- 1) Smt. Madhu Mittal

A women enterprenur of good standing. She is an M.A. and was the proprietrix of CENLUB ENGINEERS earlier. She is lady with exceptional qualities of precision, hardwork, motivation, management and leadership. She entered in CENLUB INDUSTRIES LIMITED in 1992 and for the last 20 years, she has successfully guided a team of highly qualified professionals to make CENLUB INDUSTRIES LIMITED leader in the field of lubrication systems.

- 2) Shri Anoop Gupta

Mr. Anoop Gupta is a Bachelor of Engineer (Electronics & Telecommunication) from Dayalbagh, Agra University. Mr. Gupta had experience of 10 years while working in various senior positions in Escorts Ltd. & Denso Ltd. He has also visited Japan in connection with his technical training. Mr. Gupta is at present engaged in business of Electronic Assembly.



DIRECTORS' REPORT :

TO THE MEMBERS OF CENLUB INDUSTRIES LTD.

Your Directors have pleasure in presenting the Ninth Annual Report on the working of the Company together with the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

	2002	(Rs. in Lacs) 2001
Sales & other Income	219.33	363.22
Profit (Loss) before Depreciation & tax	(37.59)	(0.34)
Depreciation	10.71	10.60
Profit (Loss) before Tax	(48.30)	(10.94)
Provision for tax		
Current Tax	—	—
Deferred Tax Asset	15.39	—
Profit (Loss) after Tax	(32.91)	(10.94)
Surplus/(Deficit)	(1.89)	35.53
Retained profit /(Loss) carried forward to the next year	(1.89)	35.53

OPERATION & FUTURE PROSPECTS

During the year under review the turn over of the company had suffered a set back where by it had come down from Rs. 363.21 lacs to Rs. 219.33 lacs. Major factors responsible for the set back suffered by the company are that due to the liberalisation of imports, machine tool industry is passing through heavy recessionary period. Your company's customer includes various reputed OEM who are themselves passing through a difficult time. This had severely affected the profitability of the company.

Due to the major labour unrest in the factory of the company for approximately five months, profitability and productivity of the company had been severely affected.

However, keeping in view the present market scenerio company has set up a second manufacturing unit at Bangalore. This unit will take care for the needs of the various manufacturing units located in the southern region and the company will be able to tap the new markets which will help in improving the bottom line of the company.

Your Director are expecting better financial results in the coming years.

DIVIDEND

In view of the losses suffered by the company during the financial year, your Board of Directors don not recommend for the payment of the dividends.

DIRECTORS

Sh. ANOOP GUPTA & MRS MADHU MITTAL retires by rotation and being eligible offer themselves for re- appointment.

Sh. AMOD AGARWAL Whole time Director resigned w.e.f. 01.02.2002. The Board of Directors of the company placed on records the valued contribution made by Shri Amod Aggarwal during his tenure as a director in the company.

The Remuneration Committee of the Board of Directors of the Company in their meeting held on 15/05/2002 had considered that reappointment as Managing Director Shri. V.K. Mittal, for a further period of 5 years would be in overall interest of the company. The Committee considered the profile of Shri. V.K. Mittal given below for considering his reappointment.

PROFILE OF SHRI. V.K. MITTAL

DATE OF BIRTH	:	10/06/1943
EDUCATIONAL QUALIFICATION	:	M.Sc (Physics)
TECHNICAL QUALIFICATION	:	M.Sc (Mechanical Engg.) Masco
DIRECTORSHIP	:	MINIHYD HYDRAULICS PVT. LTD.

**EXPERIENCE:**

He worked with M/s. TELCO, Pune in Research & Development Tool Room Department for a Period of 10 year i.e. from 1970 –1980.

In the year 1980 he quit TELCO, Pune and joined the business in the name of M/s. CENLUB ENGINEERS as a Chief Executive.

Under his dynamic leadership, technical background & vast experience M/s. CENLUB ENGINEERS have successfully been able to design and develop from scratches to a mass scale production of various types of lubrication systems.

By virtues of his untired and intensive endeavours Lubricating Pumps & Accessories of M/s. CENLUB INDUSTRIES LTD. are being used as original equipment for their machines by Industrial Giants like – HMT, TELCO, MICO, BFW, LMW, MYSORE KIRLOSKAR, WIDIA, CIMMCO, ESCORTS, PRAGA TOOLS, XLO, GODREJ, ISGEC, VOLTAS, HEC, SKF, PSG, BATLIBIO, GKW, PMT, BAJAJ, MAHINDRA & PREMIER AUTOMOBILE ETC.

Shri V.K. Mittal's commitment to technical innovation and quality product has given rich dividends in terms of awards and recognition by State and Private Organisations. Some of them are :

- FIE FOUNDATION AWARD FOR IMPORT SUBSTITUTION AT IMTEC' 86
- AWARD FOR ENTERPRENEURSHIP FROM HARYANA GOVERNMENT FOR 1987-88.
- FIRST PRIZE FOR BEST DISPLAY AT 9TH INDIAN ENGINEERING TRADE FAIR IN 1991.

Mr. V.K. Mittal is also Director of M/s. MINIHVD HYDRAULICS PVT. LTD.

During the year under review Shri Aman Mittal was reappointed Whole Time Director w.e.f 01/10/2001 for a further period of five years. The Board of Directors of your company considered that taking into consideration the Technical Qualifications, Experience & independently running of Bangalore unit, it would be in the interest of the company to appoint him for a further period of 5 years.

PROFILE OF AMAN MITTAL

DATE OF BIRTH	:	08/04/1974
QUALIFICATION	:	BE (Electronic & Communication)
EXPERIENCE	:	6 years Post Qualification Experience in setting up New Markets, Production & Administration Department.
PRESENTLY	:	Independently handling Unit – II of the company in Bangalore

Shri Aman Mittal is not holding Directorship in any other company and is putting full time effort for the company.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby stated that :

- 1) That in the preparation of the accounts for the financial year ended 31st March 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 2) That the Directors have selected such accounting policies and applied them constantly and made judgements and estimates that were 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 year under review.



- 3) That the Directors have taken proper and sufficient care 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,
- 4) That the directors have prepared the accounts for the financial year ended 31st March 2002 on a going concern' basis.

PARTICULARS OF EMPLOYEES

During the period under review, the company had no employee who are covered under section 217(2 A) Companies Act 1956.

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.

LISTING

The securities of the Company are listed at Delhi, Mumbai, Hyderabad and Ahmedabad Stock Exchanges. The company has paid the Listing fees for Mumbai Stock Exchange & listing fees in respect of Delhi, Hyderabad & Ahmedabad Stock Exchanges are in arrears.

AUDIT COMMITTEE

Pursuant to the provisions of clause 49 of the listing agreement, the Company had constituted an Audit Committee of the Board of Directors comprising of SHRI. VISHU GUPTA, SHRI ANOOP GUPTA, as members and SHRI K.G. GUPTA as Chairman of the Committee.

The terms of reference stipulated by the Board of the Audit Committee are, as contained under Clause 49 of the Listing Agreement are as follows:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.

PROFILE OF MR. VISHU GUPTA

DATE OF BIRTH	:	12/04/1967
QUALIFICATION	:	M.Sc (Agriculture Economics) from G.B. Pant University of Agriculture & Technology, Pant Nagar (Nainital) U.P.
EXPERIENCE	:	Engaged in Stock-Broking & Consultancy Business since 1991. Successfully running Stock Broking Firm M/S. GUPTA INVESTMENT



PROFILE OF MR. KRISHAN GOPAL GUPTA

Mr. K.G.Gupta has completed his MSC (CHEMISTRY) in 1976 from Meerut University. He has 25 years experience in General management and Administration in reputed companies, finance and accounts.

REMUNERATION COMMITTEE

Pursuant to clause 49 of the listing agreement, and as per the amendments introduced by Schedule XIII of the Companies Act 1956, a remuneration committee was formed by the company consisting of three directors namely Shri Anoop Gupta, Shri K.G. Gupta & Shri S.K. Gupta Chairman of the Committee. As per the responsibilities entrusted to the remuneration committee under the notification No. GSR (36 E) DT. 16/01/2002, appointment and payment of remuneration to Managing Directors and Whole Time Directors of the company which are having no profits or have inadequate profits is required to be approved by the remuneration committee.

PROFILE OF MR. S.K.GUPTA

Shri S.K.Gupta has completed his MSC (MATHEMATICS) in 1967 from Agra University. He has 30 years of varied experience in specialist functions, general management and computer software.

The remuneration committee of the company in their meeting held on 15 May, 2002 had considered that keeping in view the technical qualifications and experience of Shri VK MITTAL who is promoter Director of the Company it would be in over all interest to appoint Shri Mittal as Managing Director of the company for a period of five year with effect from 1/06/2002 as per the terms and conditions stated in the appointment agreement approved by the committee.

DEMATERIALISATION OF SHARES

As per the circular issued by SEBI, shares of your company was brought under compulsory Demat mode by 02.02.2002. Accordingly to meet the requirements, company had entered agreements with National Securities Depository Ltd (NSDL) and agreement with Central Depository Services of India Ltd is in process of being signed. And company had been allotted ISIN NO - INE 627 F01011 and NSDL vide their letter had informed that w.e.f 06.08.2002, equity shares of your company have been activated for dematerialisation on NSDL M/S RCMC Share Registry (P) Ltd have been appointed as share transfer agent (ELECTRONIC REGISTRAR). Shares holder are requested to note that all work relating to transfer and demat of shares are done by the company in house therefore share holders are requested to send shares for transfer and for demat (through their DP) at our office situated at :-

CENLUB INDUSTRIES LIMITED
35, DLF Industrial Estate-1
FARIDABAD-121 003

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, 2002 are given below :

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

A. CONSERVATION OF ENERGY

- a) 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.
- b) Additional Investment and Proposals, 'if any', being implemented for reduction in consumption of energy : NIL
- c) 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.
 - i) Development of Oil dispensing system for Automobile Industries.
 - ii) Development of dripless Mist Graphite blend system for dies and punch.


CENLUB

2) 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:

- a) Efforts in brief made towards technology absorption, adaptation and innovation and benefits derived therefrom. NIL
- b) 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 as below:-

	Year 2002 (Amt.in lacs)
Foreign Exchange earning —	NIL
Foreign Exchange outgoing— (Raw Material & Components)	1.34 Lacs

INDUSTRIAL RELATIONS

During the year under review , industrial relations in the company had suffered a set back and there was a strike in the factory for the period of approximately five months. However, Board of Directors of the company had taken effective steps to avoid the recurrence of such situation in future.

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, Customers, Suppliers, Banks, Shareholders, Central and Haryana Government for their valuable co-operation and assistance.

For and on behalf of the Board

Place : Faridabad
Date : 16th September, 2002

V.K. MITTAL
CHAIRMAN