

# ANUP

LALBHAI GROUP



**THE ANUP ENGINEERING LIMITED**  
Annual Report 2009-2010

**THE ANUP ENGINEERING LIMITED**  
**AHMEDABAD**

**DIRECTORS :**

SHRI SAMVEG A. LALBHAI

CHAIRMAN

SHRI ARUN P. SHETH

SHRI PANKAJ SUDHAKER SHETH

SHRI CHANDRAKANT T. PARIKH

SHRI SHREYAS CHINUBHAI SHETH

**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

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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 47<sup>th</sup> Annual Report together with the audited statements of Accounts for the year ended 31st March, 2010

**1. FINANCIAL RESULTS :**

	<b>2009-2010</b> <b>(Rs.in Lacs)</b>	<b>2008-2009</b> <b>(Rs.in Lacs)</b>
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>
	<u>548.78</u>	<u>431.92</u>
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

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(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) Remuneraion 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 :**

	<b>2009-2010</b>	<b>2008-2009</b>
<b>1. (a) Electricity :</b>		
Units	1712588	1342032
Total Amount (Rs.)	97,08,727	72,37,695
Rate/Unit (Rs.)	5.67	5.39
<b>(b) Own Generation :</b>		
(Through Diesel Generator)		
Units	29952	43272
Total Amount (Rs.)	3,90,988	8,66,730
Rate/Unit (Rs.)	13.05	20.02
<b>2. Furnace Oil:</b>		
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

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## 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.

PLACE: AHMEDABAD  
DATE: 04/05/2010

FOR RAJESH PAREKH & CO.  
Company Secretary

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.

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**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 31<sup>st</sup> March 2010:

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, 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.

**2.3 Attendance of each director at the Board of Directors Meetings and the last Annual General Meeting :**

Sr. No.	Name of Director & Designation	Board Meetings held during 2009-10		Annual General Meeting on Dt. 28/07/2009
		Total	Attended	
1.	Mr. Samveg A. Lalbhai - Chairman	4	4	Yes
2.	Mr. Arun P. Sheth – Director	4	4	Yes
3.	Mr. Shreyas C. Sheth – Director	4	4	Yes
4.	Mr. Chandrakant T. Parikh – Director	4	3	Yes
5.	Mr. Pankaj S. Sheth – Director	4	3	Yes

**2.4 Review of Compliance Reports by the Board of Directors:**

A Compliance Certificate confirming the due compliance with the statutory requirements is placed at the Board Meeting for the review by the Board of Directors. A system of ensuring material compliance with the laws, orders, regulations and other legal requirements concerning the business and affairs of the Company is in place. Instances of non-compliance, if any, are also separately reported to the Board.

**2.5 Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for all the Board members and all the employees in the management grade of the Company. The code covers amongst other things the Company's commitment to honest and ethical personal conduct, fair competition, transparency and compliance of laws and regulations etc. The Code of Conduct is posted on the website of the Company.

All the Board members and senior management personnel have confirmed compliance with the code. A declaration to this effect signed by the Director of the Company forms part of this Report.

**3. Audit Committee:****3.1 Composition, name of members and Chairman:**

- i) Name of non-executive director heading the committee: **Mr. Shreyas C. Sheth**
- ii) Name of members: **Mr. Chandrakant T. Parikh** and **Mr. Pankaj S. Sheth**.

**3.2 Brief description of terms of reference**

The powers, role and terms of reference of the Audit Committee covers the areas contemplated under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. Terms and reference of the Audit Committee include a review of:

- Financial reporting process
- Draft financial statements (before submission to the Board)
- Accounting Policies and Practices
- Internal Controls and Internal Audit Systems
- Risk Management Policies and Practices
- Related Party Transactions
- Internal Audit Reports and adequacy of internal audit function
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Reviewing with the management, performance of Statutory and Internal Auditors
- Discussion with the Internal Auditors on any significant findings and follow-up thereon
- Management Discussion and Analysis of financial conditions and results of operations.
- Recommending the Board, the appointment, re-appointment, replacement or removal of the Statutory Auditors and fixation of remuneration to Auditors for audit of accounts and other services.
- Review of draft Auditors Report, in particular qualifications/ remarks/ observations made by the Auditors on the financial statements.

**3.3 Meetings and attendance during the year:**

Four Audit Committee Meetings were held during the financial year under review and the gap between two Meetings did not exceed four months. These were held on 25<sup>th</sup> April, 2009, 27<sup>th</sup> July, 2009, 26<sup>th</sup> October, 2009 and 29<sup>th</sup> January, 2010. Details of presence

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Sr. No.	Name of Director & Designation	Number of Meetings held	Number of Meetings attended
1.	Mr. Shreyas C. Sheth – Chairman	4	4
2.	Mr. Chandrakant T. Parikh– Member	4	3
3	Mr. Pankaj S. Sheth – Member	4	3

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. Meetings were attended by Chief Executive Officer. The Chairman of the Audit Committee was present at the 46<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> July, 2009.

#### 4. Remuneration Committee:

4.1. Remuneration Committee being a non-mandatory requirement has not been formed. None of the Directors was paid any remuneration or commission during the year except the sitting fees for attended Board Meetings.

#### 4.2 Details of remuneration to all the directors, as per format in main report:

Sr. No.	Name of the Directors	Sitting fees Rs.
1.	Mr. Samveg A. Lalbhai - Chairman	15,000
2..	Mr. Arun P. Sheth – Director	15,000
3.	Mr. Shreyas C. Sheth – Director	15,000
4.	Mr. Chandrakant T. Parikh – Director	10,000
5.	Mr. Pankaj S. Sheth – Director	12,500

Sitting Fees constitute fees paid to Non-Executive Directors for attending Board.

#### 5. Share transfer and Shareholder / Investor grievance Committee :

- a) Name of non-executive director heading the committee: **Mr. Chandrakant. T. Parikh**  
b) Name of members: **Mr. Shreyas C. Sheth** and **Mr. Pankaj S. Sheth.**

Meetings and attendance during the year:

Sr. No.	Name of Director & Designation	Investor grievance Committee Meetings	
		Total	Attended
1.	Mr. Chandrakant T. Parikh –Chairman	2	1
2.	Mr. Shreyas C. Sheth – Member	2	2
3.	Mr. Pankaj S. Sheth – Member	2	2

During the year, the Company had received **NIL** complaints from the Investors.

#### 6. General Body Meetings :

##### i) Location and time, where last three AGMs held:

Financial Year	Location	Date	Time
2008-09	ATMA Hall, Ashram Road, Ahmedabad	28 July, 2009	9:30 a.m.
2007-08	ATMA Hall, Ashram Road, Ahmedabad	26 September, 2008	9:30 a.m.
2006-07	ATMA Hall, Ashram Road, Ahmedabad	21 September, 2007	9:30 a.m.

All the Resolutions moved at the last three Annual General Meetings were passed by show of hands by the requisite majority of Members attending the Meeting.

##### ii) Special Resolutions passed at the last three Annual General Meetings:

There were no Special Resolutions passed at the last three Annual General Meetings.

##### iii) Passing of Special Resolutions by Postal Ballot:

There were no Special Resolutions required to be passed through Postal Ballot under section 192A of the Companies Act, 1956 at the last three Annual General Meetings. None of the Resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

**7. Disclosures:****i) Related party transactions**

The Company does not have any materially significant commercial and financial transactions with any of the related parties i.e. Promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Transactions with the related parties as per requirements of Accounting Standard 18 are disclosed in Note 9 of Schedule 18 to the financial statements in the Annual Report and they are not in conflict with the interest of the Company at large.

The Audit Committee has reviewed the related party transactions as mandatorily required under Clause 49 of the Listing Agreement and found them to be not materially significant.

**ii) Compliance by the Company:**

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

**8. Means of communication:**

The quarterly and half yearly Results are published in newspapers. Information released to the press at the time of declaration of results is also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors. The financial results and other major events/ developments concerning the Company are also posted on the Company's website: [www.anupengg.com](http://www.anupengg.com).

**9. Certification by the CEO/CFO:**

Mr. Sanjay Lapalikar, Chief Executive Officer and Mr. Shreyas C. Sheth, Non-executive- Independent Director of the Company, issued a Certificate to the Board as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said Certificate was placed before the Board Meeting held on **04/05/2010** in which the Accounts for the financial year ended **31/03/2010** were considered and approved by the Board of Directors. **The Company is in the process of appointing CFO; this certificate is signed by CEO and Head (Finance and Accounts) of the Company.**

**10. General Shareholder information :****i) Annual General Meeting:**

□ Date and time: 47th Annual General Meeting, Date: 9th July, 2010 at 9:30 a.m.

□ Venue: ATMA HALL, Ashram Road, Ahmedabad.

As required under Clause 49VI (A), particulars of Directors seeking reappointment are given in the Notice of the Annual General Meeting.

**ii) Financial Calendar:**

The Company observes 1st April to 31st March as its financial year.

First Quarter Results : Last week of July 2010.

Second Quarter Results : Last week of October, 2010.

Third Quarter Results : Last week of January, 2011.

Fourth Quarter Results/Year end Results : Last week of April 2011/June 2011.

**iii) Date of Book closure:** 2nd July, 2010 to 9th July, 2010 (both days inclusive)**v) Listing on Stock Exchanges:**

The Company is listed on the Ahmedabad Stock Exchange Ltd. The listing fee for the financial year **2010-11** has been paid and there is no outstanding payment towards the Exchange, as on date.

Pursuant to a SEBI circular, Custody charges also paid to the Depositories namely NSDL and CDSL.

The ISIN No. of the Company's Share is **INE628I01013**.

The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is **L99999GJ1962PLC001170**.

**vi) Stock Code: 4510**

## The Anup Engineering Limited

vii) **Market Price Data:** High, Low during each month in last financial year, as per below.

viii) **Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc. as per below**

Month	Share Price of Anup Engg. Ltd., At ASE		BSE Sensex	
	High(Rs)	Low (Rs)	High	Low
April, 2009	N.A.	N.A.	11492.10	9546.29
May, 2009	N.A.	N.A.	14930.54	11621.30
June, 2009	N.A.	N.A.	15600.30	14016.95
July, 2009	N.A.	N.A.	15732.81	13219.99
August, 2009	N.A.	N.A.	16002.46	14684.45
September, 2009	N.A.	N.A.	17142.52	15356.72
October, 2009	N.A.	N.A.	17493.17	15805.20
November, 2009	N.A.	N.A.	17290.48	15330.56
December, 2009	N.A.	N.A.	17530.94	16577.78
January, 2010	N.A.	N.A.	17790.33	15982.08
February, 2010	N.A.	N.A.	16669.25	15651.99
March, 2010	N.A.	N.A.	17793.01	16438.45

The shares of the Company are listed at Ahmedabad Stock Exchange only. As no Screen based Trading/trading Floor is available at Ahmedabad Stock Exchange, data of market price of share of the Company is not available.

ix) **Registrar and Transfer Agent:**

\*SHAREPRO SERVICES (INDIA) PVT. LTD.,  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai- 400 072  
Phone: 022-67720300/ 67720400  
Fax: 022-28591568  
Email: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

\* The Company has changed the Registrar and Transfer Agent by appointing M/s. Sharepro Services (India) Pvt. Ltd. in place of M/s. Pinnacle Shares Registry Pvt. Ltd. w.e.f. 01.03.2010.

x) **Share Transfer System:**

- Securities lodged for transfer at the Registrar's address are processed within 30 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 21 days.
- Pursuant to clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half-yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company. Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary in Practice for timely dematerialization of the shares of the Company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company. All the certificates were filed with the Stock Exchanges where the Shares of the Company are listed.

xi) Distribution of shareholding as on 31<sup>st</sup> March 2010.

Sr. No.	Category	No. of shares	Percentage of Share holding %
<b>A.</b>	<b>Promoters' holding</b>		
1.	Promoters	<b>308822</b>	<b>90.83</b>
	<b>Sub-Total</b>	<b>308822</b>	<b>90.83</b>
<b>B.</b>	<b>Non-Promoters' holding</b>		
2.	Mutual Funds & Administrator of the Specified Undertaking of Unit Trust of India	–	–
3.	Banks, Financial Institutions, Insurance Companies etc.	13848	4.07
4.	Foreign Institutional Investors (FIIS)	–	–
	<b>Sub-Total</b>	<b>13848</b>	<b>4.07</b>
<b>C.</b>	<b>Others</b>		
5.	Private Corporate Bodies	3031	0.89
6.	NRIs / OCBs	–	–
7.	State Government	–	–
8.	Indian Public	14299	4.21
	<b>Sub-Total</b>	<b>17330</b>	<b>5.10</b>
	<b>GRAND TOTAL</b>	<b>340000</b>	<b>100.00</b>

xii) **Dematerialization of shares and liquidity:** Electronic holding by Members comprising **95.03%** of the paid up Equity Share Capital of the Company held through the National Securities Depository Limited (**94.84%**) and Central Depository Services (India) Limited (**0.19%**) and **4.97 %** are in physical form as on **31.3.2010**. Shareholders holding shares in electronic form may please note that:

- Instructions regarding bank details which they wish to incorporate in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.
- Instructions already given by the shareholders for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

xiii) **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity :** The Company's capital comprises only Equity shares and the Company does not have any preference shares, outstanding ADRs, GDRs, warrants or any convertible instruments.

xiv) **Following Non –Executive Directors held shares of the Company as under:**

- Shri Samveg A. Lalbhai - 382**
- Shri Shreyas C. Sheth – 401**
- Shri Arun P. Sheth - 2063**

xv) **Plant Locations:** Odhav Road, Ahmedabad 382 415.

**Address for correspondence:** Odhav Road, Ahmedabad 382 415.

**xvii) E-mail address for grievance redressal office:** anup@anupengg.com

## 11. Details of compliance with the mandatory requirements and extent of compliance with non-mandatory requirements:

11.1 Compliance with the mandatory requirements

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

11.2 Compliance with non-mandatory requirements.

The Company does not comply with non-mandatory requirements.

11.3 Certificate from the Statutory Auditors of the Company, M/s. Dalal & Shah regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is enclosed.

## **The Anup Engineering Limited**

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The Board of Directors  
The Anup Engineering Limited

Reg: **Financial Statements for the year 31 March, 2010 – Certification by Chief Executive Officer and Head (Finance and Accounts)**

We Mr. Sanjay Lapalikar, CEO & Mr.Paresh Shah, Head (Finance and Accounts) of The Anup Engineering Limited on the basis of review of the financial statements and the cash flow statement for the financial year ending 31<sup>st</sup> March, 2010 and to the best of our knowledge and belief, hereby certify that :

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2010 which is fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :
  - a. There have been no significant changes in internal control during this year.
  - b. There have been no significant changes in accounting policies during this year.
  - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Ahmedabad.  
Date: 4th May, 2010

Sanjay D. Lapalikar  
CEO

Paresh Shah  
Head (F & A)

The Company is in the process of appointing CFO, this compliance certificate is signed by Head (Finance & Accounts) of the Company.

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### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL.**

This is to confirm that the Company has adopted a Code of Conduct for directors and Senior Management Personnel.

We confirm that the Company has in respect of the financial year ended March 31, 2010, received from the Members of the Board and Senior management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Ahmedabad  
Date: 4th May, 2010

**Samveg A. Lalbhai**  
Chairman

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## Compliance of Conditions of Corporate Governance

To  
The Members  
The Anup Engineering Limited.  
Ahmedabad

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchange, Ahmedabad, for the year ended on March 31, 2010.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations given to us, subject to following-

- i) As Company is in the process of appointing CFO; certificate required under Clause 49 (V), CEO/CFO certification is signed by CEO and Head (Finance and accounts).

in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

On the basis of the certificate issued by the Registrars of the Company and the Minutes of meetings of the Shareholders / Investors Grievance Committee of the Company, we state that, there were no investor grievances pending against the Company for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**AHMEDABAD**  
May 04, 2010.

For and on behalf of  
**DALAL & SHAH**  
Firm Regn. No. 102020W  
Chartered Accountants

**(ASHISH DALAL)**  
**PARTNER**  
**(Membership No. 033596)**

# The Anup Engineering Limited

## Auditors' Report to the Members of The Anup Engineering Limited

1. We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**Dalal & Shah**  
Firm Registration Number: 102020W  
Chartered Accountants

Place : Mumbai  
Date : 4th May, 2010

**Ashish Dalal**  
Partner  
Membership Number: 033596

**Annexure to Auditor's Report**

Referred to in paragraph 3 of the Auditors' Report of even date to the members of The Anup Engineering Limited on the financial statements for the year ended 31st March, 2010.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. .  
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at 31st March, 2010 which have not been deposited on account of a dispute, are as follows:

## The Anup Engineering Limited

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty on Job Work Charges	169,538.00	1980-1981	High Court of Gujarat

10. The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
22. The other clauses, (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For and on behalf of  
**Dalal & Shah**  
 Firm Registration Number: 102020W  
 Chartered Accountants

Place : Mumbai  
 Date : 4th May, 2010

**Ashish Dalal**  
 Partner  
 Membership Number: 033596

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31st March, 2010 Rs.	31st March, 2009 Rs.
<b>I. SOURCES OF FUNDS:</b>			
(1) Shareholders' Funds:			
(a) Capital	1	34,000,000	34,000,000
(b) Reserves & Surplus	2	<u>279,397,841</u>	<u>177,960,527</u>
		313,397,841	<u>211,960,527</u>
(2) Loan Funds:			
(a) Secured Loans	3	306,425,626	243,378,457
(b) Unsecured Loans	4	<u>8,502,509</u>	<u>46,065,391</u>
		314,928,135	<u>289,443,848</u>
(3) Deferred Tax Liabilities (Net) (See Note 8)		<u>17,000,266</u>	<u>9,821,824</u>
		<b>TOTAL</b>	<b><u>645,326,242</u></b>
			<b><u>511,226,199</u></b>
<b>II. APPLICATION OF FUNDS:</b>			
(1) Fixed Assets:			
(a) Gross Block		261,154,151	203,792,762
(b) Less : Depreciation		<u>68,913,968</u>	<u>58,719,524</u>
(c) Net Block	5	192,240,183	145,073,238
(d) Capital Work-in-progress, Cost to Date		<u>52,357,332</u>	<u>926,201</u>
		244,597,515	<u>145,999,439</u>
(2) Investments	6	—	—
(3) Current assets, Loans and Advances :	7		
(a) Inventories		287,990,453	259,997,758
(b) Sundry Debtors		244,564,567	281,272,602
(c) Cash and Bank Balances		13,695,163	11,513,323
(d) Loans and Advances		<u>26,828,401</u>	<u>15,600,145</u>
		<u>573,078,584</u>	<u>568,383,828</u>
Less : Current Liabilities and Provisions :	8		
(a) Liabilities		156,875,091	201,526,944
(b) Provisions		<u>15,474,766</u>	<u>1,630,124</u>
		<u>172,349,857</u>	<u>203,157,068</u>
Net Current Assets		400,728,727	<u>365,226,760</u>
		<b>TOTAL</b>	<b><u>645,326,242</u></b>
			<b><u>511,226,199</u></b>
Notes forming part of the Accounts	18		

As per our attached report of even date.

For and on behalf of the Board of Directors

**DALAL & SHAH**Firm Registration Number : 102020W  
Chartered Accountants**Ashish Dalal**

Partner.

(Membership No. 033596 )

Mumbai.

4th May, 2010

**SAMVEG A. LALBHAI**

CHAIRMAN

**SHREYAS C. SHETH****ARUN P. SHETH**

DIRECTORS

Ahmedabad.

4th May, 2010

# The Anup Engineering Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rs.	2009-2010 Rs.	2008-2009 Rs.
<b>INCOME:</b>				
Income from operation	9		984,218,793	867,577,819
Less : Excise Duty			<u>76,772,146</u>	<u>81,195,308</u>
			907,446,647	786,382,511
Other Income	10		<u>7,908,402</u>	<u>4,009,959</u>
			915,355,049	790,392,470
Increase/(Decrease) in Stocks	11		<u>(9,550,660)</u>	<u>50,710,335</u>
			905,804,389	841,102,805
<b>EXPENDITURE:</b>				
Raw Materials Consumed	12		473,492,194	488,242,805
Manufacturing Expenses	13		133,588,366	122,681,291
Employees' Emoluments	14		45,099,487	33,731,233
Interest and Finance Charges	15		26,670,634	25,242,171
Other expenditure	16		52,548,490	38,159,704
Depreciation & amortisation	17		<u>12,550,074</u>	<u>7,267,924</u>
			743,949,245	715,325,128
Profit before Taxation			161,855,144	125,777,677
Provision for Taxation :				
Current Tax		47,700,000		34,900,000
Deferred Tax (See Note 7)		7,178,442		7,931,841
Fringe Benefit Tax		—		360,000
			<u>54,878,442</u>	<u>43,191,841</u>
Profit for the year			106,976,702	82,585,836
Expenses relating to earlier years			<u>1,561,558</u>	<u>336,327</u>
Profit after Tax			105,415,144	82,249,509
As per last Account			177,757,532	95,508,023
Transfer to General Reserve			3,400,000	—
Proposed Dividend		3,400,000		—
Corporate Dividend Tax on above		577,830	<u>3,977,830</u>	—
Balance carried to Balance Sheet			<u>275,794,846</u>	<u>177,757,532</u>
Notes forming part of the Accounts	18			
(Basic/diluted earning per share) (See Note 10)			Rs. 310.04	Rs. 241.91

As per our attached report of even date.

For and on behalf of the Board of Directors

### DALAL & SHAH

Firm Registration Number : 102020W  
Chartered Accountants

#### Ashish Dalal

Partner.

(Membership No. 033596 )

Mumbai.

4th May, 2010

### SAMVEG A. LALBHAI

CHAIRMAN

### SHREYAS C. SHETH

ARUN P. SHETH

DIRECTORS

Ahmedabad.

4th May, 2010

**ANNUAL REPORT**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Pursuant to listing agreement with stock exchange)

(Rs.in Lacs)

	2009-2010	2008-2009
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	161,855,144	125,777,677
Adjustment for Depreciation & amortisation	12,550,074	7,267,924
Interest (Net)	21,702,401	24,168,474
Surplus on sale of Fixed Assets	<u>(61,451)</u>	<u>(857,525)</u>
	<u>34,191,024</u>	30,578,873
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	196,046,168	156,356,551
Adjustment for :		
Trade & Other Receivables	36,373,563	(148,788,211)
Inventories	(27,992,695)	(48,240,151)
Trade Payables	<u>(46,245,322)</u>	<u>129,749,758</u>
	(37,864,454)	(67,278,604)
CASH GENERATED FROM OPERATIONS :	158,181,714	89,077,947
Direct Taxes Paid	(37,717,116)	(43,769,546)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	120,464,598	45,308,401
Extra Ordinary Item	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	120,464,598	45,308,401
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets & Capital Work in Progress	(111,148,150)	(113,662,105)
Sales of Fixed Assets	61,451	857,525
Interest Received	<u>4,968,233</u>	<u>1,073,697</u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	(106,118,466)	(111,730,883)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Total proceeds from borrowings & Share Capital (Net of repayments)	25,484,286	92,433,393
Loan to a Company	(10,977,945)	(3,270,185)
Interest Paid	<u>(26,670,634)</u>	<u>25,242,171</u>
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>	(12,164,293)	70,461,407
Net Increase/Decrease in Cash & Cash equivalents	2,181,840	4,038,924
CASH & CASH EQUIVALENTS AS AT 1.4.2008 (OPENING BALANCE)	11,513,323	7,474,399
CASH & CASH EQUIVALENTS AS AT 31.03.2009 (CLOSING BALANCE)	13,695,163	11,513,323

Note :

- (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 - Cash Flow Statement referred to in The Companies Accounting Standard Rules, 2006.
- (2) Cash & Cash equivalents includes balances with schedule bank in margin money Rs. 1, 36,50,000/- (Previous year Rs. 1,11,58,602/-) which are not available for use by the company.
- (3) Cash Flow in Brackets indicate Cash Outgo.

As per our attached report of even date.

For and on behalf of the Board of Directors

**DALAL & SHAH**

**SAMVEG A. LALBHAI**

**SHREYAS C. SHETH**

Firm Registration Number : 102020W

CHAIRMAN

**ARUN P. SHETH**

Chartered Accountants

DIRECTORS

**Ashish Dalal**

Partner.

(Membership No. 033596 )

Mumbai.

4th May, 2010

Ahmedabad.

4th May, 2010

## The Anup Engineering Limited

Schedule "1" to "18" annexed to and forming part of the Balance Sheet as at and Profit & Loss Account for the year ended 31st March, 2010

	31st March 2010 Rs.	31st March 2009 Rs.
<b>SCHEDULE '1' : SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
5,00,000 Shares of Rs.100/- each	<u>50,00,000</u>	<u>50,00,000</u>
<b>ISSUED:</b>		
3,40,000 Equity Shares of Rs.100/-each	<u>34,00,000</u>	<u>34,00,000</u>
<b>SUBSCRIBED:</b>		
3,40,000 Equity Shares of Rs.100/-each	<u>34,00,000</u>	<u>34,00,000</u>
<b>TOTAL</b>	<b><u>34,00,000</u></b>	<b><u>34,00,000</u></b>

Note :

Out of the above shares,

1. 2,00,000 Equity Shares of Rs.100/- each have been issued to Arvind Limited on conversion of part of loan, in terms of Board of Industries and Financial Reconstruction Order dt.8th December, 2005 approving the Rehabilitation Scheme.
2. 3,00,000 Equity Shares of Rs.100/- each are held by the Holding Company.
3. 5,000 Equity Shares of Rs.100/- each allotted to Shareholders of Hind Laboratories Private Ltd. as fully paid without payment being received in cash, in terms of amalgamation scheme sanctioned by Gujarat High Court, as per order dated 20/07/1964
4. 2,500 Equity Shares of Rs.100/- each allotted to M/s.Machinefabriek Reineveld N.V., as fully paid without payment being received in cash pursuant to collaboration agreement for Technical Know-how
5. 3,32,500 Equity Shares of Rs.100/- each fully paid (including 9,992 Shares issued as fully paid Bonus Shares by way of Capitalisation of Reserve).

### SCHEDULE '2' : RESERVES & SURPLUS:

SECURITY PREMIUM ACCOUNT	1,920	1,920
<b>GENERAL RESERVE :</b>		
As per last Account	201,075	201,075
Set aside this year	<u>3,400,000</u>	<u>0.00</u>
	3,601,075	201,075
Surplus as per annexed account	<u>275,794,846</u>	<u>177,757,532</u>
<b>TOTAL</b>	<b><u>279,397,841</u></b>	<b><u>177,960,527</u></b>

### SCHEDULE '3' : SECURED LOANS:

From a Bank, secured by equitable mortgage / hypothecation of entire fixed assets of Company comprising of Land, Buildings, Machinery and other miscellaneous assets, Inventories, Book debts, etc. both present and future.

Term Loan	120,005,234	113,376,950
Cash Credit	184,457,082	130,001,507
From a Bank against Hypothecation of Cars	1,963,310	-
<b>TOTAL</b>	<b><u>306,425,626</u></b>	<b><u>243,378,457</u></b>

### SCHEDULE '4' : UNSECURED LOANS:

From Companies	8,502,509	46,065,391
<b>TOTAL</b>	<b><u>8,502,509</u></b>	<b><u>46,065,391</u></b>

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### SCHEDULE '5' : FIXED ASSETS :

FIXED ASSETS	GROSS BLOCK (a)			DEPRECIATION				NET BLOCOK		
	As on 31.03.2009 Rs.	Additions Rs.	Deductions Rs.	As on 31.03.2010 Rs.	Up to 31.03.2009 Rs.	Adjust- ments Rs.	For the Year Rs.	Up to 31.03.2010 Rs.	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
<b>Tangible Assets:</b>										
Land, Leasehold	145,912	-	1,195	144,717	-	-	-	-	144,717	145,912
Land, Freehold	-	217,000	-	217,000	-	-	-	-	217,000	-
Buildings	43,065,036	3,386,989	13,978	46,438,047	5,920,589	13,978	1,178,425	7,085,036	39,353,011	37,144,447
Machinery	145,828,750	49,720,743	2,332,491	193,217,002	44,968,861	2,332,491	9,151,084	51,787,454	141,429,548	100,859,889
Electric Installations	1,768,003	-	-	1,768,003	1,768,003	-	-	1,768,003	-	-
Tube Well	380,490	-	-	380,490	25,447	-	6,232	31,679	348,811	355,043
Furniture and Fixtures	7,712,453	953,128	7,966	8,657,615	3,792,858	7,966	448,866	4,233,758	4,423,857	3,919,595
Vehicles	2,125,823	2,779,143	-	4,904,966	287,744	-	310,312	598,056	4,306,910	1,838,079
<b>Intangible Assets:</b>										
Computer Software	2,666,295	2,660,016	-	5,326,311	1,856,022	-	1,453,960	3,309,982	2,016,329	810,273
Drawings	100,000	-	-	100,000	100,000	-	-	100,000	-	-
<b>Total Rs.</b>	<b>203,792,762</b>	<b>59,717,019</b>	<b>2,355,630</b>	<b>261,154,151</b>	<b>58,719,524</b>	<b>2,354,435</b>	<b>12,548,879</b>	<b>68,913,968</b>	<b>192,240,183</b>	<b>145,073,238</b>
<b>Previous Year's Total Rs.</b>	<b>81,714,109</b>	<b>122,625,756</b>	<b>547,103</b>	<b>203,792,762</b>	<b>51,998,703</b>	<b>545,908</b>	<b>7,267,924</b>	<b>58,719,524</b>	<b>145,073,238</b>	

Notes : (a) At cost, except Leasehold Land which is at cost less amounts written off.

	31st March 2010 Rs.	31st March 2009 Rs.
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### SCHEDULE '6' : INVESTMENTS; AT COST: \*

#### In Government and Trust Securities:

72 6.75% Bonds of Rs.100/- each of

Unit Trust of India, Quoted

( Market Value Rs.7326/-.)

	Rs.	Rs.	Rs.
<b>TOTAL</b>			

\* The following investments were purchased and sold during the year :

Sr. No.	Particulars	No. of Units	Face Value	Cost Rs.
1.	Reliance Liquid Fund - Treasury Plan- Institutional Option - Daily Dividend Option	3,270,710,137	Rs. 10/-	50,000,000.00
2.	Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	49,949,100	Rs. 1000/-	50,005,862.17

### SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES :

#### (a) Inventories:

Stores & Spares, at cost or net realisable value whichever is lower	9,906,955	9,291,777
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Stock-in-Trade : at cost or net realisable value whichever is lower

Raw Materials	93,691,985	63,912,321
Work-in-Progress	170,273,810	177,116,525
Finished Goods	4,399,212	7,242,165

Goods in Transit, at cost, to date	268,365,007	248,271,011
	9,718,491	2,434,970
	287,990,453	259,997,758

#### (b) Sundry Debtors, Unsecured, Good:

(i) Outstanding for more than six months	56,169,664	28,482,155
(ii) Other	188,394,903	252,790,447
	244,564,567	281,272,602

<b>Carried Over</b>	<b>532,555,020</b>	<b>541,270,360</b>
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## The Anup Engineering Limited

	Rs.	31st March 2010 Rs.	31st March 2009 Rs.
<b>Brought Over</b>		<b>532,555,020</b>	<b>541,270,360</b>
<b>(c) Cash and Bank Balances :</b>			
Cash on hand		28,370	321,939
Bank Balances :			
With Scheduled Banks :			
In Current Account	16,793		32,782
In Margin Deposits	<u>13,650,000</u>		<u>11,158,602</u>
		<u>13,666,793</u>	<u>11,191,384</u>
		<u>13,695,163</u>	<u>11,513,323</u>
<b>(d) Loans and Advances, Unsecured, Good:</b>			
Loan to a Company		10,977,945	-
Advances recoverable in cash or in kind or for value to be received	14,627,360		14,961,011
Balance with Customs and Collectorate of Central Excise	1,155,257		487,134
Advance Fringe Benefit tax less provision	<u>67,839</u>		<u>152,000</u>
		<u>15,850,456</u>	<u>15,600,145</u>
		<u>26,828,401</u>	<u>15,600,145</u>
<b>TOTAL</b>		<b><u>573,078,584</u></b>	<b><u>568,383,828</u></b>
<b>SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS :</b>			
<b>(a) Liabilities :</b>			
Sundry Creditors :			
Due to Micro, Small and Medium Enterprises (Refer Note 11 of Schedule 18)	-		-
Others:			
For Goods:	607,74,296		69,590,911
For Expenses	24,792,767		23,023,299
Others	<u>15,740,116</u>		<u>10,389,881</u>
		101,307,179	103,004,091
Advances from Customers		<u>55,567,912</u>	<u>98,522,853</u>
		156,875,091	201,526,944
<b>(b) Provisions :</b>			
Provision for Income Tax, Net of Advances	11,474,405		1,575,531
Less: MAT Credit Entitlements	<u>-</u>		<u>1,561,407</u>
		11,474,405	14,124
Provision for Leave Encashment	2,396,727		1,616,000
Less : Contribution to Employees Group Leave Encashment Assurance Scheme	<u>2,374,196</u>		<u>-</u>
		22,531	1,616,000
Proposed Dividend	3,400,000		-
Corporate Tax on Dividend	<u>577,830</u>		<u>-</u>
		<u>3,977,830</u>	<u>-</u>
		<u>15,474,766</u>	<u>1,630,124</u>
<b>TOTAL</b>		<b><u>172,349,857</u></b>	<b><u>203,157,068</u></b>

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	<b>2009-2010</b>	<b>2008-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE '9' : INCOME FROM OPERATION</b>		
Sales (Net of Returns)	989,709,053	876,412,628
Fabrication Charges (Including Excise Duty)	<u>4,052,797</u>	<u>7,689,565</u>
	993,761,850	884,102,193
Less : Late Delivery Charges	<u>22,210,268</u>	<u>20,955,268</u>
	971,551,582	863,146,925
Job Work Charges	<u>12,667,211</u>	<u>4,430,894</u>
<b>TOTAL</b>	<b><u>984,218,793</u></b>	<b><u>867,577,819</u></b>
<b>SCHEDULE '10' : OTHER INCOME:</b>		
Interest Received from banks (Gross, Tax deducted Rs. 5,51,101/-, Previous Year Rs. 1,86,131/-)	4,968,233	1,073,697
Dividend Income	35,257	-
Miscellaneous Income	1,603,524	1,410,133
Late Delivery Charges Recovered	901,540	346,950
Sundry Credit Balances appropriated	332,119	51,481
Surplus on sale of Fixed Assets	61,451	857,525
Provisions no longer required	6,278	67,948
Exchange Rate Difference (Net)	-	202,225
<b>TOTAL</b>	<b><u>7,908,402</u></b>	<b><u>4,009,959</u></b>
<b>SCHEDULE '11' : INCREASE/(DECREASE) IN STOCKS:</b>		
Stocks at Close:		
Work-in-Progress	170,273,810	177,116,525
Finished Goods	<u>4,399,212</u>	<u>7,242,165</u>
	174,673,022	184,358,690
Less : Stocks at Commencement:		
Work-in-Progress	177,116,525	124,663,153
Finished Goods	<u>7,242,165</u>	<u>9,338,278</u>
	184,358,690	134,001,431
	(9,685,668)	50,357,259
Excise Duty variations on Opening/Closing Stock	135,008	353,076
<b>TOTAL</b>	<b><u>(9,550,660)</u></b>	<b><u>50,710,335</u></b>
<b>SCHEDULE '12' : MATERIALS:</b>		
Raw Materials Consumed:		
Stocks at Commencement	63,912,321	63,689,522
Purchases	<u>503,271,858</u>	<u>489,993,574</u>
	567,184,179	553,683,096
Less : Sales	-	1,527,970
Less : Stocks at Close	<u>93,691,985</u>	<u>63,912,321</u>
<b>TOTAL</b>	<b><u>473,492,194</u></b>	<b><u>488,242,805</u></b>
<b>SCHEDULE '13' : MANUFACTURING EXPENSES:</b>		
Stores Consumed	17,407,888	16,546,126
Power & Fuel	16,547,843	14,106,639
Job Work Charges	83,823,919	72,431,330
Building Repairs	5,704,473	5,051,686
Machinery Repairs	<u>10,104,243</u>	<u>14,545,510</u>
<b>TOTAL</b>	<b><u>133,588,366</u></b>	<b><u>122,681,291</u></b>

## The Anup Engineering Limited

	2009-2010	2008-2009
Rs.	Rs.	Rs.
<b>SCHEDULE '14' : EMPLOYEES' EMOLUMENTS:</b>		
Salaries, Wages, Bonus etc.	38,886,116	28,681,508
Contribution to Provident & Other Funds	2,094,512	2,688,005
Welfare Expenses	3,974,831	2,245,206
Employee Cost	144,028	116,514
<b>TOTAL</b>	<b><u>45,099,487</u></b>	<b><u>33,731,233</u></b>
<b>SCHEDULE '15' : INTEREST AND FINANCE CHARGES: (NET)</b>		
Interest :		
On Fixed Loans	14,093,570	12,654,316
Other	12,577,064	12,587,855
<b>TOTAL</b>	<b><u>26,670,634</u></b>	<b><u>25,242,171</u></b>
<b>SCHEDULE '16' : OTHER EXPENDITURE:</b>		
Rent	7,610	7,610
Rates & Taxes	689,009	505,614
Insurance	375,602	561,350
Other Repairs	1,482,741	3,137,377
Freight, Octroi etc.	4,332,425	2,785,806
Selling commission	1,675,286	555,216
Auditor's Remuneration	239,500	267,116
Legal & Professional Fees	7,237,681	2,591,007
Retainer Fees	2,287,100	2,588,516
Directors' Fees	67,500	50,000
Travelling Expenses	3,946,307	3,544,805
Bank Charges and Processing Fees	14,154,929	6,957,210
Miscellaneous Expenses	10,846,891	9,180,369
Inspection Charges	4,002,609	5,361,217
Sundry Debit Balance Written Off	188,359	11,637
Exchange Rate Difference	85,070	-
Service Line Connection Charges	873,652	-
Brokerage	56,219	54,854
<b>TOTAL</b>	<b><u>52,548,490</u></b>	<b><u>38,159,704</u></b>
<b>SCHEDULE '17' : DEPRECIATION AND OTHER AMORTISATION :</b>		
Amortisation of leasehold land	1,195	1,195
Depreciation	12,548,879	7,266,729
<b>TOTAL</b>	<b><u>12,550,074</u></b>	<b><u>7,267,924</u></b>

	2009-2010 Rs.	2008-2009 Rs.		
<b>SCHEDULE '18' : NOTES FORMING PART OF THE ACCOUNTS :</b>				
<b>1 Contingent Liabilities not provided for in respect of :</b>				
(a) Claims against the Company not acknowledged as Debts	525,545	525,545		
(b) Excise matter under appeal	169,538	169,538		
1A Estimated amount of Contracts remaining to be executed on Capital account and not provided for	548,356	72,500		
<b>2 Payment to Auditors:</b>				
i. As Auditors	140,000	140,000		
ii. In other capacity :				
For Tax Audit	35,000	20,000		
For Certificate	60,000	100,500		
iii. Reimbursement of Expenses	4,500	6,616		
	<b>* 239,500</b>	<b>267,116</b>		
* Excluding service tax				
3 Guarantees given by Company's Bankers are secured by extension of hypothecation charge on Raw-materials, Finished Goods, Work-in-progress, etc. and against charge on Fixed Assets of the Company.	252,321,455	181,260,462		
<b>4 Raw Materials Consumption and Imported and Indigenous Consumption:</b>				
(a) <b>Raw Materials Consumption:</b>				
	2009-2010	2008-2009		
	Qty.      Rs.	Qty.      Rs.		
Metal Sheets & Plates	4372 MT.) 357 NOS.)	193,020,318	3661 MT.) 237 NOS.)	209,974,996
Metal Pipes & Tubes	714753 Mtrs.	91,281,785	477318 Mtrs.	80,706,573
Structural Materials	159 MT.)	9,303,783	122 MT.)	8,196,937
Welding Electrodes	65 MT.) 1665694 NOS.)	20,378,066	35 MT.) 1213608 Nos.)	16,099,388
Components		159,508,242		173,264,911
<b>TOTAL..</b>		<b>473,492,194</b>		<b>488,242,805</b>
(b) <b>Imported &amp; Indigenous Raw Materials Consumption:</b>				
	2009-2010	2008-2009		
	Rs.      Percentage	Rs.      Percentage		
Imported	10,240,275	2.16%	19,510,218	4.00%
Indigenous	463,251,919	97.84%	468,732,587	96.00%
<b>TOTAL</b>	<b>473,492,194</b>	<b>100.00%</b>	<b>488,242,805</b>	<b>100.00%</b>

## The Anup Engineering Limited

### 5 Licensed & Installed Capacity, Production, Stocks & Turnover:

(a) Licensed & Installed Capacity & Production:

CLASS OF GOODS	LICENSED CAPACITY		*INSTALLED CAPACITY		PRODUCTION (INCL.LABOUR JOBS)	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Chemical & Pharmaceutical Machinery	1900 MT.	1900 MT.	1900 MT.	1900 MT.	5229 MT.	3415 MT.
Industrial Centrifuges	100 Nos.	100 Nos.	100 Nos.	100 Nos.	8 Nos.	8 Nos.
**Dairy Machinery & Equipments	Rs.125 Lacs	Rs.125 Lacs				
Expansion Joints & Bellows	130 MT.	130 MT.	130 MT.	130 MT.	0 MT.	0 MT.
**Soda Ash Plant Equipments & Components	Rs.100 Lacs	Rs.100 Lacs				
Textile Machinery (including accessories)	25 Nos.	25 Nos.				

\* As certified by the Chief Executive Officer and being a technical matter, accepted by the Auditors, as correct.

\*\* As the Licences are in Rupee Value, no quantitative information is given.

(b) Stocks & Turnover:

CLASS OF GOODS		STOCKS AT COMMENCEMENT		STOCKS AT CLOSE		TURNOVER	
		Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
Chemical & Pharmaceutical Machinery	2009-2010	100	6,835,948	10	2,604,250	2,226	958,295,058
	2008-2009	14	7,214,879	100	6,835,948	1,718	832,431,964
Industrial Centrifuges	2009-2010	1	399,273	2	1,794,962	8	25,469,886
	2008-2009	2	2,116,455	1	399,273	8	33,468,032
*Dairy Machinery & Equipments	2009-2010	-	-	-	-	-	-
	2008-2009	-	-	-	-	-	-
Expansion Joints & Bellows	2009-2010	1	6,944	-	-	1	10,283
	2008-2009	1	6,944	1	6,944	-	-
*Soda Ash Plant, Equipments & Components	2009-2010	-	-	-	-	-	-
	2008-2009	-	-	-	-	-	-
Other	2009-2010	-	-	-	-	-	5,933,826
	2008-2009	-	-	-	-	-	10,512,632
TOTAL..	2009-2010		7,242,165		4,399,212		989,709,053
	2008-2009		9,338,278		7,242,165		876,412,628

\* As the Licences are in Rupee value, no quantitative information is given.

**SCHEDULE '18' : NOTES FORMING PART OF THE ACCOUNTS : (CONTD.)**

## 6. Employee Benefits:

**(A) Defined Benefit Plans:**

Disclosure for defined benefit plans based on actuarial reports as on 31.03.2010.

Expenses recognised for the year ended on March 31, 2010

(included in schedule 14 of Profit and Loss Account) (Rs.)

	Gratuity Funded	
	31-03-2010	31-03-2009
1 Current Service Cost	5,88,283	5,55,383
2 Interest Cost	3,95,837	2,81,772
3 Expected Return on Plan Assets	(4,73,165)	(3,71,980)
4 Employer Contribution (Receipt)	–	–
5 Actuarial Losses (gains)	(10,30,283)	5,65,815
<b>Expenses Recognised in Profit &amp; Loss A/c.</b>	–	10,30,990
<b>Expenses Not Recognised in Profit &amp; Loss A/c.</b>	(5,19,328)	–

Net Asset (Liability) recognised in the Balance Sheet as on 31st March, 2010

1 Present value of Defined Benefit Obligation	56,67,287	49,23,349
2 Fair Value of Plan Assets	59,11,231	46,03,541
3 Funded Status (Surplus/Deficits))	9,87,882	3,19,868
<b>Net Assets / (Liability)</b>	2,43,944	(3,19,808)

Reconciliation of Net Assets / (Liability) recognised in the Balance Sheet as on 31st March, 2010

1 Net Assets(Liability) at Beginning of year	3,19,808	(3,62,545)
2 Employer Contribution	44,424	10,30,990
<b>Net Assets / (Liability) at the end of the year</b>	2,43,944	10,73,827
Actual Return on Plan Assets	12,63,266	5,40,444
1 Discount Rates	8.04%	7.00%
2 Expected Rate of Return on Plan Asset	9.00%	9.00%
3 Expected Rate of Salary Increase	8.00%	6.00%
4 Monthly Post – Retirement		

**Major Category of Plan Assets as a percentage of total plan**

1 Life Insurance Corporation of India	93%	93%
2 Special Deposit	7%	7%

**(B) Defined Contribution Plan:**

Amount of Rs. 20,50,088/- (previous year Rs. 15,97,114/-) recognized as expenses and Included in the Schedule 14 "Contribution to Provident &amp; Other Funds" to the Profit &amp; Loss Accounts.

## The Anup Engineering Limited

### SCHEDULE '18' : NOTES FORMING PART OF THE ACCOUNTS : (CONTD.)

(C) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data of Life Insurance Corporation of India.

#### 7. C.I.F. Value of Imports, Expenditure & Earnings in Foreign Currencies:

	2009-2010 Rs.	2008-2009 Rs.
(a) C.I.F. Value of Imports:		
Raw Materials	55,60,907	4,36,53,266
Capital Goods	–	1,75,36,176
(b) Expenditure in Foreign Currency:		
Other Matters	8,18,277	8,59,634
(c) Earnings in Foreign Currency:		
F.O.B. Value of Exports	51,99,027	94,54,767

#### 8. Taxation:

(a) Provision for current tax for the year has been made pursuant to the Income-tax Act, 1961.

(b) Deferred Taxation

	As on 31.03.2009 the year (Rs.)	Charge/ Credit for (Rs.)	As on 31.03.2010 (Rs.)
Deferred Tax Liability on account of :			
i. Depreciation	104,83,922	74,22,228	1,79,06,150
	<u>104,83,922</u>	<u>74,22,228</u>	<u>1,79,06,150</u>
Deferred Tax Asset on account of:			
i. Expenses allowable for tax purpose when paid	6,62,098	2,43,786	905,884
Net deferred tax Liability / (Assets)	<u>98,21,824</u>	<u>71,78,442</u>	<u>1,70,00,266</u>

#### 9. Related Party Information:

A. Name of related party and nature of relationship:

Arvind Mills Limited- Holding Company  
Arvind Products Limited- Fellow Subsidiary Company.  
Arvind Accel Limited - Fellow Subsidiary Company  
Mr. Sanjay R. Lapalikar - Key Management Personnel

Sr. No.	Name of the Party	Relationship	Nature of Transaction	Amount Rs.		Outstanding Balance Rs.	
				2009-2010	2008-2009	2009-2010	2008-2009
1	Arvind Mills Limited	Holding Company	Loan taken	–	36000000	–	(37562882)
			Loan repaid	37562882	–	–	–
			Sales Advance Received	59000	–	288580	(10229580)
2	Sanjay Lapalikar	CEO	Salary	4586119	2634367	–	–
4	Arvind Accel Limited	Fellow Subsidiary Company	Job Work Charges	5079316	1685400	579448	(854006)

## ANNUAL REPORT

### SCHEDULE '18' : NOTES FORMING PART OF THE ACCOUNTS : (CONTD.)

10. <b>Earning Per Share:</b>	31-03-2010	31-03-2009
	Rs.	Rs.
Profit for the year attributable to the Equity Shareholders	10,54,15,144	8,22,49,509
Basic/Weighted average number of Equity Shares outstanding during the year	3,40,000	3,40,000
Nominal Value of Equity Share	Rs. 100/-	Rs.100/-
Basic & Diluted earning per Share	Rs. 310.04	Rs. 241.91

### 11. **Micro, Small and Medium Enterprises Dues:**

The Company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence required disclosures stated as under have not been made:

- (a) Amount due and outstanding to suppliers at the end of accounting year - NIL
- (b) Interest paid during the year - NIL
- (c) Interest payable at the end of the accounting year - NIL
- (d) Interest accrued and unpaid at the end of the accounting year - NIL

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

- 12. Company has only one business segment - 'Engineering'
- 13. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this Schedule as Annexure-I.
- 14. Information required in terms of Part-IV of Schedule-VI to the Company's Act, 1956 is attached.
- 15. Previous year's figures have been regrouped and recast wherever necessary.

### Signatures to Schedules '1' to '18'

As per our attached report of even date.

For and on behalf of the Board of Directors

#### **DALAL & SHAH**

Firm Registration Number : 102020W  
Chartered Accountants

#### **Ashish Dalal**

Partner.

(Membership No. 033596 )

Mumbai.

4th May, 2010

#### **SAMVEG A. LALBHAI**

CHAIRMAN

#### **SHREYAS C. SHETH**

**ARUN P. SHETH**

DIRECTORS

Ahmedabad.

4th May, 2010

# The Anup Engineering Limited

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ANNEXURE-I REFERRED TO IN NOTE 13 IN SCHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

## STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

### 1. SYSTEM OF ACCOUNTING :

- i) The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on an accrual basis, except those with significant uncertainties.
- ii) Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

### 2. FIXED ASSETS AND DEPRECIATION :

#### (A) FIXED ASSETS

Fixed Assets are carried at cost of acquisition or construction less accumulated depreciation and amortisation.

#### (B) DEPRECIATION AND AMORTISATION :

##### (a) Lease hold Land:

Premium on lease hold land is amortised over the period of lease.

##### (b) Tangible Assets :

- (i) Depreciation is provided on 'Straight line basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
- (ii) Depreciation on additions to assets up to 31st March, 1988, is being provided on 'Straight line basis' pursuant to the Circular No.1/1/86-CLV No.15(50)84 CL VI dated 21.5.1986 issued by the Department of Company Affairs, at the rates corresponding to the rates applicable under the Income-tax Rules as in force at the time of acquisition/installation without considering the extra and multiple shift allowances, as per legal advice.
- (iii) Depreciation on additions to the Assets on or after 1st April, 1988 is being provided at the rates (inclusive of multiple shift) in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.
- (iv) Depreciation on assets sold, discarded or demolished is being provided up to the month of Sale, discarding or demolition of said assets.

##### (c) Intangible Assets :

Intangible assets consisting of software are recorded at their acquisition cost and amortised on straight line method from the date they are available for use, over their estimated economic life not exceeding three years.

### 3. REVENUE RECOGNITION:

#### (a) Sales:

1. Domestic Sales are accounted on dispatch of products to customers
2. Export sales are accounted on the basis of the dates of Bill of Lading.
3. Sales are disclosed net of VAT, as applicable but including Excise Duty

#### Fabrication Charges / Job Work Charges :

Revenue from the fabrication / job work is recognized as per the terms of the contract with the customer.

#### (b) Late Delivery Charges:

Late delivery charges are provided for, as per contractual terms or acceptance in the year of delivery.

### 4. INVESTMENTS :

Investments are valued at cost of acquisition.

### 5. INVENTORIES :

- i) Stores, spares, etc. are valued at cost or net realisable value whichever is lower. Cost is arrived at on F.I.F.O. basis..

- ii) Raw Materials are valued at cost or market value whichever is lower. Cost is arrived at on F.I.F.O. basis.
- iii) Work-in-Progress are valued at cost or net realisable value whichever is lower.
- iv) Finished Goods are valued at cost or net realisable value whichever is lower including excise duty.
- v) Obsolete & unserviceable stocks are valued at estimated realisable value.
- vi) Goods in transit and in Bonded Warehouse are stated at actual cost up to the date of the Balance Sheet.

**6. EXCHANGE FLUCTUATIONS :**

Monetary Current Assets and Monetary Current Liabilities in Foreign Currency outstanding at the close of the Financial year are valued at the exchange rates at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Profit and Loss Account.

**7. EMPLOYEE BENEFITS:**

**a) Defined Contribution Plan:**

Company's contribution paid/payable during the period to Provident Fund, Officer Super Annuation Fund, ESIC and Labour Welfare Fund are recognized in the Profit & Loss Account.

**b) Defined Benefit Plan:**

Provision by payments to the Employees Gratuity Fund after taking into account the funds available with the Trustees of the Gratuity Fund is based on actuarial valuation done at the close of each financial year. At the reporting date Company's liabilities towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the current and estimated terms of the defined benefit obligation.

**c) Leave Entitlement:**

Payment for present liability of future payment of leave encashment is made to Life Insurance Corporation of India, which fully cover the said liability under Employee Group Leave Encashment Assurance Scheme. The Additional Liability arising out of the difference between the actuarial valuation and the fund balance with Life Insurance Corporation of India, if any, is accrued at the year end.

**8. TAXATION:**

Income-tax expense Comprises current tax and Deferred tax charges/credit.

Provision for current tax is made on the assessable income as the tax rate applicable to the relevant assessment year.

MAT Credit is recognized as on asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax within the specified period.

The Deferred tax Asset and Deferred tax Liability is calculated by applying tax rates and tax laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws; are recognized only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date the carrying amount of Deferred tax Assets is being reviewed to reassure realization.

**The Anup Engineering Limited**

Form of Proxy

**THE ANUP ENGINEERING LIMITED**

Regd. Office : B/h. 66 KV Electric Sub. Station, Odhav Road, Ahmedabad-382 415

I/We \_\_\_\_\_

of \_\_\_\_\_ in the District of \_\_\_\_\_

being a member/members of the above named Company hereby appoint Shri \_\_\_\_\_

of \_\_\_\_\_ in the District of \_\_\_\_\_

or failing him Shri \_\_\_\_\_

of \_\_\_\_\_ in the District of \_\_\_\_\_

or failing him Shri \_\_\_\_\_

of \_\_\_\_\_ in the District of \_\_\_\_\_

as my/our proxy to vote for me/us on me/our behalf at the Annual General Meeting of the Company to be held on 9th July, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Membership No. :

No. of Shares held :

Signature \_\_\_\_\_

Affix  
Re.1  
Revenue  
Stamp

Note : (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. (2) A proxy need not be a member. (3) The form thus completed should be deposited at the Registered Office of the Company, at Behind 66 KV Electric Sub Station, Odhav Road, Ahmedabad-382 415 by 9.30 A.M. on or before 7th July, 2010.



**INFORMATION REFERRED TO IN NOTE 14 IN SCHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

**Part-IV of Schedule VI of Companies Act, 1956 (As amended) Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details :**

Registration No.	001170
State Code :	04
Balance Sheet Date :	31.03.2010

**II. Capital Raised during the Year**

	<b>(Rs.in Lacs)</b>
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	6453.26
Total Assets	6453.26

**Sources of Funds:**

Paid-up Capital	340.00
Reserve & Surplus	2793.98
Secured Loans	3064.26
Unsecured Loans	85.02
Deferred Tax Liabilities (Net)	170.00

**Application of Funds:**

Net fixed Assets	2445.97
Investments	-
Net Current Assets	4007.29
Misc.Expenditure	-
Accumulated Losses	-

**IV. Performance of Company**

Turnover (Incl.other income)	9153.55
Total Expenditure	7535.00
Profit before Tax	1618.85
Profit after Tax	1054.15
Earning Per Share in Rs.	310.04
Dividend Rate %	10.00

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.(ITC Code)	841989.01
Product Description	Pressure Vessels, Reactors
Item Code No.(ITC Code)	842119.02 & 842119.07
Product Description	Centrifuges
Item Code No.(ITC Code)	731100.09
Product Description	Chlorine Containers

## The Anup Engineering Limited

**NOTICE** is hereby given that the 47<sup>th</sup> Annual General Meeting of the Members of the Company will be held on **Friday, the 9<sup>th</sup> July, 2010 at 9.30 a.m.** at Ahmedabad Textile Mill's Association Hall, Ashram Road, Ahmedabad -380 009, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account and Cash-Flow statement for the year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To declare dividend to the share holders.
3. To appoint a Director in place of **Shri Arun P. Sheth**, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of **Shri Shreyas C. Sheth**, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### Registered Office:

Behind 66 KV Electric Sub Station,  
Odhav Road, Ahmedabad -382 415

**Date: 4<sup>th</sup> May, 2010**

By Order of the Board

**Samveg A. Lalbhai**  
Chairman

### 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 PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than Forty eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books will be closed from **July 02, 2010 to July 09, 2010** (both days inclusive) for the purpose of ascertaining the validity of transfer deeds.
4. Payment of dividend as recommended by the Directors, if approved at the Annual General Meeting, will be made payable on or after **July 09, 2010**.
5. Printed copies of Balance Sheet, Profit and Loss Account, the Director's Report, Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ending 31<sup>st</sup> March, 2010 are enclosed.
6. Members are requested to bring their copies of the Annual Report to the meeting.
7. Copies of all documents referred to in the Notice and copy of the Memorandum and Articles of Association of the Company are available for inspection to the Members at the Registered Office of the Company between 3.00 p.m. to 5.00 p.m. on all working days.
8. At the ensuing Annual General Meeting Mr. Arun P. Sheth and Mr. Shreyas C. Sheth retire by rotation and being eligible offer themselves for reappointment. The information or details required to be furnished under the Listing Agreement pertaining to a Director seeking reappointment.

Particulars	Information of a Director seeking re-appointment
Name	Mr. Arun P. Sheth
Date of Birth	11/02/1925
Brief Resume	Mr. Arun P. Sheth, B.Sc., M. Chem. (U.S.A.), Mechanical Engineer from USA, is one of the promoter directors of the company having vast experience of more than four decades. He is a self-made technocrat and gradually developed the company as a full-fledged Fabrication Unit. He is a Chairman of Amol Dicalite Limited.
Directorship in other Companies	<b>Public Limited Companies:</b> Amol Dicalite Limited <b>Private Limited Companies:</b> A.P. Sheth Investments Pvt. Ltd. B.P. Sheth Investments Pvt. Ltd. D.B. Sheth Investments Pvt. Ltd. Alchemie Pvt. Ltd.
Position in Committees of other Companies	Nil
Number of shares held in the Company	2063

<b>Particulars</b>	<b>Information of a Director seeking re-appointment</b>
Name	Mr. Shreyas C. Sheth
Date of Birth	16/06/1957
Brief Resume	Mr. Shreyas C. Sheth B.Sc. M.B.A. - Finance is a director of the Company since 28th March, 1987. He is having an experience of more than two decades. He is strong in financial matters, management and certain technical aspects of manufacturing of fabricated process equipment and components. He is a Managing Director of Amol Dicalite Limited. He is also associated as Director of various companies of the group and other associates.
Directorship in other Companies	<p><b>Public Limited Companies :</b></p> <p>Amol Dicalite Limited  Arvind Products Limited  Amol Cryogenic Insulation Limited (U.A.E.)  Amol Cryogenic Insulation (U.S.A.), Inc  Anagram Comtrade Limited  Anagram Stockbroking Limited  Anagram Capital Limited</p> <p><b>Private Limited Companies:</b></p> <p>Anjna Plastic Pvt Ltd  Alchemie Pvt Ltd  Abdhi Investments Pvt Ltd  Acorn Investments Pvt Ltd  Aloha Investments Pvt Ltd  Arbor Investments Pvt Ltd  Aprir Investments Pvt Ltd  Aster Investments Pvt Ltd  Adios Investments Pvt Ltd  Akin Investments Pvt Ltd  Avant Garde Marketing Pvt Ltd  Diva Exports Pvt Ltd</p>
Position in Committees of other Companies	Member of Committees: Arvind Products Ltd. – Audit Committee
Number of shares held in the Company	401

**Registered Office:**  
Behind 66 KV Electric Sub Station,  
Odhav Road,  
Ahmedabad -382 415

By Order of the Board  
**Samveg A. Lalbhai**  
Chairman

Date: 4<sup>th</sup> May, 2010