



THE ANUP ENGINEERING LIMITED
Annual Report 2004-2005

DIRECTORS :

CHAIRMAN

SHRI SHREYAS CHINUBHAI SHETH.

Behind 66 KV Elec. Sub-Station,
Odhav Road,
Ahmedabad-382 415
Tel No. : 22870622

BANKERS :

Bank of Baroda

Shareholders intending to require information about Accounts to be explained in the meeting are requested to inform the Company atlest 7 days in Advance of the Annual General Meeting.

The Anup Engineering Limited

DIRECTORS' REPORT

Your Directors submit herewith the 42nd Annual Report together with the audited statements of Accounts for the year ended 31st March, 2005.

1. FINANCIAL RESULTS :

	2004-2005 (Rs.in Lacs)	2003-2004 (Rs.in Lacs)
Profit before Interest, Depreciation & Taxation	611.74	25.33
Less : Interest	43.38	57.22
Depreciation	<u>10.09</u>	<u>12.63</u>
	53.47	69.85
Provision for Taxation – Current	4.51	4.00
– Deferred	<u>162.41</u>	<u>(54.07)</u>
Profit for the year	391.35	5.55
Expenses relating to earlier years	–	(4.10)
Tax adjustments of earlier years	4.00	(0.25)
Loss for the year 1999-2000 previously adjusted to Revaluation Reserve, now transferred	(210.91)	–
Balance carried of the last year	<u>(294.70)</u>	<u>(295.91)</u>
Balance carried to next year	(110.26)	(294.70)

In view of the carried forward losses, your Directors regret their inability to recommend any dividend for the year ended 31-3-2005.

2. OPERATIONS:

Your Directors have great pleasure to report that for the year under report your company achieved sales of Rs. 2967.17 lacs as against sales of Rs.1052.48 Lacs during the year 2003-04. The sales achieved was highest ever achieved in the history of the Company. Profit before interest, depreciation and taxation was Rs. 611.74 Lacs as against Rs. 25.33 Lacs for the year 2003-04. Thus the performance of the company has improved to a great extent during the year. Apart from the improved market conditions, the efforts put in by your directors in last four years to turnaround the company has yielded results during the year.

3. PROSPECTS :

Economic indicators during the year are still positive except the prices of petroleum products. Momentum of improvement in the industrial environment is continued and your directors are hopeful that the same will be maintained during the year. Your directors are confident that the performance of your company will also be satisfactory. Order book position and inquiry base during the year is satisfactory.

4. EMPLOYEES :

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

There is no employee drawing salary of Rs.2,00,000/- per month or Rs.24.00 Lacs per annum during the year under report and as such no information is required to be given under Section 217(2A)(b) of the Companies Act, 1956.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of Companies Act, 1956, your Directors state:

- that in the preparation of annual accounts, the applicable accounting standards have been followed.
- that 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 of the company for the period.
- 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.
- that the annual accounts have been prepared on going concern basis

The Anup Engineering Limited

6. REFERENCE TO BIFR :

By an order BIFR had rejected the Draft Rehabilitation Proposal (DRP) of the Company and had ordered to make appointment of Bank of Baroda (BoB) as Operating Agency. The company has preferred an appeal against this Order with AAIFR. The matter is scheduled to be heard in this Month and your directors are expecting favourable outcome of the Appeal.

7. 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.

8. 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.

9. DIRECTORS :

Shri Samveg A. Lalbhai and Shri Pankaj Sudhakar Sheth retire by rotation and being eligible, offer themselves for re-election.

10. AUDITORS :

You are requested to appoint the Auditors and fix their remuneration.

The specific notes forming part of the accounts referred to in the Report of the Auditors are self explanatory and do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

11. APPRECIATION:

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

Ahmedabad.

Date: 10th May, 2005.

By Order of the Board,

(SAMVEG A. LALBHAI)
CHAIRMAN

COMPLIANCE CERTIFICATE

(UNDER PROVISIO TO SECTION 383(A)(1) OF THE COMPANIESACT, 1956)

To,

The Members,

The Anup Engineering Ltd.,

Ahmedabad.

I have examined the Registers, Records, Books and papers of The Anup Engineering Ltd. as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Associations of the company for the financial year ended 31st March, 2005. 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 officer and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained the Registers as per ANNEXURE A :
2. The Company has filed the Forms and Returns with Registrar of Companies as per ANNEXURE B:
3. The Company is not a Pvt. Ltd. and hence this para is not applicable.
4. The Board of Directors duly met four times on 29/06/2004, 28/07/2004, 26/10/2004, 18/01/2005, in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
05. The Company has closed its Register of Members, from 16/09/2004 to 22/09/2004 (Both days inclusive).
06. The Annual general meeting for the year ended 31/03/2004 was held on 23/09/2004 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.
07. No extra Ordinary General meeting was held during the year.

ANNUAL REPORT

08. The Company has not given any Loans to Director and firms as referred to in Section 295.
09. The company has duly complied with the provisions of Section 297 of the Act in respect of Contracts Specified in that Section.
10. Company has made necessary entries in the Register maintained U/S 301 of the Act.
11. No relative of Directors is holding any office or place of profit hence section 314 is not applicable.
12. There is no issue of any duplicate share certificate.
13. (i) The company has delivered certificates of shares after transfer/transmission as per Act.
(ii) The company has not declared any dividend.
(iii) Unpaid dividend has been transferred to I.E.P.F. on 24/11/04.
(iv) Company has complied with the requirements of Section 217.
14. The Board of Directors is duly constituted and appointment of Directors has been duly made.
15. There is no appointment of Managing Director or Whole time Director during the year.
16. There is no appointment of sole selling agent.
17. There is no activity undertaken by the Company requiring approval of Company Law Board, R.D. or Central Government.
18. The Directors had disclosed their interest to the Board of Directors as per Section 299.
19. The company has not issued any shares or debentures during the year.
20. The company has not bought back any shares.
21. The company has no preference shares and debentures.
22. The Company has not issued any right shares and Bonus shares.
23. The company has not accepted any deposits during the year.
24. The company has only working capital limit with banks.
25. The company has not made any loans & investments etc. during the year.
26. The company has not shifted its Registered Office from one state to another.
27. The company has not altered the object clause of Memorandum.
28. The company has not changed its name.
29. The company has not altered share capital clause of Memorandum.
30. The company has not altered its Articles of Association.
31. The company has not received any show cause notice for any offence under the Act.
32. The company has not received any security deposits from employees.
33. The company has deposited Provident Fund contribution regularly as per section 418 of the Companies Act, 1956.

Place : Ahmedabad

Date : 10/05/2005

C. R. DAMANI

Secretary

C. P. No. 445

ANNEXURE-A

Registers maintained by Company :

- | | |
|---|----------------------------------|
| a) Register of Members. | b) Register of Directors. |
| c) Register of Directors Shareholdings. | d) Register of Charges. |
| e) Register of Investments. | f) Register of Shares Transfers. |
| g) Register of contracts. | |

ANNEXURE-B

Forms and Returns filed with ROC :

Date of Filing Document filed

- | | |
|------------|-------------------------------------|
| 15/07/2004 | Statement in Lieu of Advertisement. |
| 27/09/2004 | Balance Sheet as at 31/03/2004. |
| 27/09/2004 | Compliance Certificate. |
| 04/11/2004 | Annual Return made upto 23/09/04. |

The Anup Engineering Limited

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 :

	2004-2005	2003-2004
1. (a) Electricity :		
Units	6,97,049	5,38,680
Total Amount (Rs.)	35,77,254	31,77,153
Rate/Unit (Rs.)	5.13	5.90
(b) Own Generation :		
(Through Diesel Generator)		
Units	42,720	32,544
Total Amount (Rs.)	4,57,901	2,99,568
Rate/Unit (Rs.)	10.72	9.20
2. Furnace Oil :		
Qty (Liters)	69,160	70,823
Cost	9,15,217	9,04,405
Rate per	13.23	12.77

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 :

	2004-2005 (Rs.in Lacs)	2003-2004 (Rs.in Lacs)
Capital	-	-
Recurring	6.52	6.94
Total	6.52	6.94
Total R&D Expenditure as % of Total Turn Over	0.19	0.57

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.

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with 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.

- 1) 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;
- 2) 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;
- 3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4) 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 Companies Act, 1956;
- 5) On the basis of written representations received from the Directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Note No.12 – relating to approval of B.I.F.R. for Sale of Surplus Land, Note No.13 – relating to de-recognition of value added on revaluation of Land rights, Leasehold and Building and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - b. in the case of the Profit and Loss Account, of the Profit before for the year ended on that date; and
 - c. In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we further state that:

- i. (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

The Anup Engineering Limited

- ii. (a) As explained to us, inventories have been physically verified during the year by the management.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, 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 of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;
- iii. (a) According to the information and explanations given to us, the Company, has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) According to information and explanations given to us, the Company has taken unsecured loan from one company covered in the register maintained under section 301 of the Companies Act 1956. Maximum amount involved during the year was Rs.1,17,50,548/- and the year end balance of loan taken from such party was Rs.Nil. The Company has not taken any loan secured or unsecured from firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from a company listed in the register maintained under section 301 of the Companies At, 1956 are not, prima facie, prejudicial to the interest of the company.
- (d) In respect of loan taken by the Company, the payment of principal and interest are regular.
- iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our previous assessment, no major weakness in internal control system had come to our notice;
- v. (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that, the contracts or arrangements in which directors were interested and which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time;
- vi. The company has not accepted any deposits from the Public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Act and the rules framed there under apply.
- vii. In our opinion the company has an adequate internal audit system commensurate with the size of the company and the nature of its business;
- viii. The Central Government has not prescribed maintenance of the Cost Record under Section 209(1)(d) of the Companies Act, 1956, for any of the product of the Company.
- ix. (a) According the records of the Company, it has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory Dues with the appropriate authorities. According to the explanation given to us there are no arrears of statutory dues which has remained outstanding at the last date of financial year, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the documents and records the disputed statutory dues on account of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess, which have not been deposited with the appropriate authorities are as under:

Nature of Statute	Nature of Dues	Period to which amount relates	Amount Rs.	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty on Job Work Charges	1980-81	1,69,538/-	High Court of Gujarat
TOTAL			1,69,538/-	

- x. In our opinion, the accumulated losses of the Company are more than fifty per cent of its net worth. The Company has not incurred cash losses during the period covered by our report and in preceding financial year;
- xi. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of any dues to bank;
- xii. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii. In our opinion, the company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore the provision of clause 4(xiii) of the Companies (Auditor's report) order , 2003 are not applicable to the Company.
- xiv. The company is not dealing or trading in shares, securities, debentures and other investments;
- xv. According to information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution;
- xvi. The Company has not taken any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short term basis have been used for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956;
- xix. On the basis of the records and documents examined by us, the Company has not issued any secured debentures during the year;
- xx. The Company has not raised any money by public issue, during the year;
- xxi. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For and on behalf of
Dalal & Shah
Chartered Accountants

(B.R.SHAH)
Partner

Ahmedabad.
Date : 10th May, 2005.

(Membership No.5806)

The Anup Engineering Limited

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	31st March, 2005 Rs.	31st March 2004 Rs.
I. SOURCES OF FUNDS:			
(1) Shareholders' Funds:			
(a) Capital	1	14,000,000	14,000,000
(b) Reserves & Surplus	2	<u>2,995</u>	<u>114,756,574</u>
		14,002,995	<u>128,756,574</u>
(2) Loan Funds:			
(a) Secured Loans	3	21,910,830	42,796,405
(b) Unsecured Loans	4	<u>61,615,469</u>	<u>68,815,939</u>
		<u>83,526,299</u>	<u>111,612,344</u>
TOTAL		<u>97,529,294</u>	<u>240,368,918</u>
II. APPLICATION OF FUNDS:			
(1) Fixed Assets:			
(a) Gross Block		50,860,655	194,819,543
(b) Less : Depreciation		<u>45,736,467</u>	<u>52,451,982</u>
(c) Net Block	5	5,124,188 ✓	142,367,561
(2) Investments	6	-	-
(3) Deferred Tax Assets (Net) (See Note 8)		10,392,771 ✓	26,634,132
(4) Current assets, Loans and Advances :	7		
(a) Inventories		57,537,041 ✓	72,844,870
(b) Sundry Debtors		44,664,117 ✓	20,901,882
(c) Cash and Bank Balances		2,045,816 ✓	2,723,283
(d) Loans and Advances		<u>3,543,124</u> ✓	<u>8,665,398</u>
		<u>107,790,098</u>	<u>105,135,433</u>
Less : Current Liabilities and Provisions :	8		
(a) Liabilities		47,908,778	82,214,149
(b) Provisions		<u>932,598</u>	<u>888,549</u>
		<u>48,841,376</u>	<u>83,102,698</u>
Net Current Assets		58,948,722	22,032,735
(5) (a) Miscellaneous Expenditure:			
(To the extent not written off or adjusted)			
Deferred Revenue Expenditure	9	<u>12,238,029</u>	<u>20,063,947</u>
(b) Profit and Loss Account :			
Debit balance as per Annexed Account		11,025,584	29,470,543
Less : General Reserve, Per Contra		<u>200,000</u>	<u>200,000</u>
		<u>10,825,584</u>	<u>29,270,543</u>
		<u>23,063,613</u>	<u>49,334,490</u>
TOTAL		<u>97,529,294</u>	<u>240,368,918</u>
Notes forming part of the Accounts	18		

As per our attached report of even date.

For and on behalf of
DALAL & SHAH
Chartered Accountants
B.R.SHAH
Partner.
(Membership No.5806)
Ahmedabad.
10th May, 2005

SAMVEG A. LALBHAI
CHAIRMAN

For and on behalf
of the Board of Directors
ARUN P. SHETH
SHREYAS C. SHETH
DIRECTORS

Ahmedabad.
10th May, 2005

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	2004-2005	2003-2004
		Rs.	Rs.
INCOME:			
Sales		339,792,133	116,159,032
Fabrication Charges		<u>4,166,737</u>	<u>4,749,112</u>
		343,958,870	120,908,144
Less : Excise Duty		<u>47,241,936</u>	<u>15,659,783</u>
		296,716,934	105,248,361
Other Income	10	<u>17,746,177</u>	<u>3,838,975</u>
		314,463,111	109,087,336
Increase/(Decrease) in Stocks	11	<u>(14,083,629)</u>	<u>40,399,854</u>
		300,379,482	149,487,190
EXPENDITURE:			
Raw Materials Consumed	12	169,588,681	98,166,720
Manufacturing Expenses	13	37,670,413	25,453,620
Employees' Emoluments	14	6,890,057	6,192,375
Interest and Finance Charges	15	4,338,380	5,721,926
Deferred Revenue Expenditure Written Off		7,825,918	8,778,220
Other	16	17,227,911	8,362,697
Depreciation & Other Write Offs	17	1,009,460	2,938,318
Less : Transferred from Revaluation Reserve		<u> </u>	<u>1,675,018</u>
		1,009,460	1,263,300
		244,550,820	153,938,858
Profit/Loss before Taxation		55,828,662	(4,451,668)
Provision for Taxation :			
Current Tax		451,000	(400,000)
Deferred Tax (See Note 8)		<u>16,241,361</u>	<u>5,406,977</u>
		16,692,361	5,006,977
Profit for the year		39,136,301	555,309
Tax adjustment Previous Year		400,000	(25,064)
Provision for leave encashment relating to earlier years		<u> </u>	<u>(409,794)</u>
		39,536,301	120,451
As per last Account		(29,470,543)	(29,590,994)
Loss for the year 1999-2000 previously adjusted to Revaluation Reserve, now transferred		<u>(21,091,342)</u>	<u> </u>
Balance carried to Balance Sheet		<u>(11,025,584)</u>	<u>(29,470,543)</u>
Notes forming part of the Accounts	18		
(Basic/diluted earning per share)(See Note 10)		Rs.282.40	Rs.0.86

As per our attached report of even date.

For and on behalf of
DALAL & SHAH
Chartered Accountants
B.R.SHAH
Partner.
(Membership No.5806)
Ahmedabad.
10th May, 2005.

SAMVEG A. LALBHAI
CHAIRMAN

For and on behalf
of the Board of Directors
ARUN P. SHETH
SHREYAS C. SHETH
DIRECTORS

Ahmedabad.
10th May, 2005

The Anup Engineering Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005 (Pursuant to listing agreement with stock exchange)

	2004-2005	2003-2004
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	39,258,412	(5,798,623)
Adjustment for Depreciation	1,009,460	1,263,300
Interest (Net)	<u>4,338,380</u>	<u>5,721,926</u>
	5,347,840	6,985,226
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	44,606,252	1,186,603
Adjustment for :		
Trade & Other Receivables	(18,639,961)	(13,495,632)
Inventories	15,307,829	(49,319,585)
Trade Payables	(34,261,322)	39,806,581
Deferred Revenue Exps.	<u>7,825,918</u>	<u>8,778,220</u>
	(29,767,536)	(14,230,416)
CASH GENERATED FROM OPERATIONS :	14,838,716	(13,043,813)
CASH FLOW BEFORE EXTRA ORDINARY ITEMS	14,838,716	(13,043,813)
Extra Ordinary Item	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	14,838,716	(13,043,813)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Advance towards proposed Sale of Land	-	16,460,290
Purchase of Fixed Assets	(744,515)	(231,512)
Sales of Fixed Assets	17,653,953	590,825
Leasehold land written off	(1,195)	(2,112)
Interest Received	<u>531,155</u>	<u>173,840</u>
NET CASH FLOW FROM INVESTING ACTIVITIES	17,439,398	16,991,331
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Total proceeds from borrowings (Net of repayments)	(28,086,045)	2,970,052
Interest Paid	<u>4,869,535</u>	<u>5,895,766</u>
NET CASH USED IN FINANCIAL ACTIVITIES	(32,955,580)	(2,925,714)
Net Increase/Decrease in Cash & Cash equivalents	(677,467)	1,021,803
CASH & CASH EQUIVALENTS AS AT 1.4.2004 (OPENING BALANCE)	2,723,283	1,701,480
CASH & CASH EQUIVALENTS AS AT 31.03.2005 (CLOSING BALANCE)	2,045,816	2,723,283

For and on behalf of
DALAL & SHAH
Chartered Accountants
B.R.SHAH
Partner.
(Membership No.5806)
Ahmedabad.
10th May, 2005

SAMVEG A. LALBHAI
CHAIRMAN

For and on behalf
of the Board of Directors
ARUN P. SHETH
SHREYAS C. SHETH
DIRECTORS

Ahmedabad.
10th May, 2005

ANNUAL REPORT

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, 2005

	Rs.	31st March, 2005 Rs.	31st March 2004 Rs.
SCHEDULE '1' : SHARE CAPITAL			
AUTHORISED:			
2,50,000 Shares of Rs.100/- each		<u>25,000,000</u>	<u>25,000,000</u>
ISSUED:			
1,40,000 Equity Shares of Rs.100/-each		<u>14,000,000</u>	<u>14,000,000</u>
SUBSCRIBED:			
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		500,000	500,000
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		250,000	250,000
1,32,500 Equity Shares of Rs.100/- each fully paid (including 9,992 Shares issued as fully paid Bonus Shares by way of Capitalisation of Reserve)		<u>13,250,000</u>	<u>13,250,000</u>
		<u>14,000,000</u>	<u>14,000,000</u>
TOTAL			
SCHEDULE '2' : RESERVES & SURPLUS:			
CAPITAL RESERVE		1,075	1,075
REVALUATION RESERVE :			
As per last Account	114,753,579		124,002,248
Add : Loss for the year 1999-2000 previously adjusted to this reserve, now transferred to Profit & Loss Account	<u>21,091,342</u>		<u>-</u>
	135,844,921		124,002,248
Less : Adjustment on account of demolition of Buildings	-		7,573,651
Less : Transferred to Profit & Loss Account	-		1,675,018
Less : Value added on revaluation, of assets now reversed on de-recognition (See Note 13)	<u>135,844,921</u>		<u>-</u>
		-	114,753,579
SECURITY PREMIUM ACCOUNT		1,920	1,920
GENERAL RESERVE :			
As per last Account	200,000		200,000
Less : Deducted from Profit and Loss Account, Per Contra	<u>200,000</u>		<u>200,000</u>
		-	-
TOTAL		<u>2,995</u>	<u>114,756,574</u>

The Anup Engineering Limited

	Rs.	31st March, 2005 Rs.	31st March 2004 Rs.
SCHEDULE '3' : SECURED LOANS :			
From a Bank, secured by first charge by way of equitable mortgage of entire fixed assets comprising of Land, Buildings, Machinery and other miscellaneous assets and extension of existing charge by way of hypothecation of Stocks and Book-debts created in favour of Bankers for working capital facilities			
Term Loan	2,428,926		3,311,202
Corporate Loan	<u>1,033,035</u>		<u>3,061,091</u>
		3,461,961	6,372,293
From a Bank, against hypothecation of Raw Materials, Finished Goods, Work-in-progress, Book Debts etc., and against second charge on Fixed Assets of the Company			
Cash Credit		<u>18,448,869</u>	<u>36,424,112</u>
TOTAL		<u>21,910,830</u>	<u>42,796,405</u>

SCHEDULE '4' : UNSECURED LOANS:

From Joint Stock Companies	61,065,391		68,815,939
Interest Accrued & due	<u>550,078</u>		<u>—</u>
TOTAL		<u>61,615,469</u>	<u>68,815,939</u>
		<u>61,615,469</u>	<u>68,815,939</u>

SCHEDULE '5' : FIXED ASSETS

	GROSS BLOCK(a)				DEPRECIATION				NET BLOCK	
Fixed Assets	As at 31-3-2004	Additions	Deductions	As at 31-3-2005	Upto 31-3-2004	Recouped & Adjustment	For the Year	Upto 31-3-2005	As at 31-3-2005	As at 31-3-2004
Land, Leasehold	116,329,980	—	(b)116,179,288	150,692	—	—	—	—	150,692	116,329,980
Buildings	32,721,676	—	(b)27,256,837	5,464,839	11,864,597	(c)7,113,282	145,405	4,896,720	568,119	20,857,079
Machinery	41,048,589	311,485	1,148,174	40,211,900	36,397,852	558,867	733,426	36,572,411	3,639,489	4,650,737
Electric Installations	1,768,003	—	—	1,768,003	1,768,003	—	—	1,768,003	—	—
Tube Well	119,104	380,490	119,104	380,490	51,631	51,631	519	519	379,971	67,473
Furniture & Deadstock	2,157,949	52,540	—	2,210,489	1,806,144	—	104,607	1,910,751	299,738	351,805
Drawings	100,000	—	—	100,000	100,000	—	—	100,000	—	—
Vehicles	574,242	—	—	574,242	463,755	—	24,308	488,063	86,179	110,487
Total Rs.	194,819,543	744,515	144,703,403	50,860,655	52,451,982	7,723,780	1,008,265	45,736,467	5,124,188	142,367,561
Previous Year's Total Rs.	203,667,116	231,512	9,079,085	194,819,543	50,942,482	967,148	2,476,648	52,451,982	142,367,561	

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

(b) Include deduction on account of de-recognition of value added to Land Lease hold and Buildings on its revaluation amounting Rs.11,60,66,427/- and Rs.2,67,02,119/- respectively. (See Note 13)

(c) Adjustment Include Rs.69,23,625/- being the depreciation provided on value added on revaluation, de-recognised this year. (See Note 13)

	Rs.	31st March, 2005 Rs.	31st March 2004 Rs.
SCHEDULE '6' : INVESTMENTS; AT COST:			
In Government and Trust Securities:			
72 6.75% Bonds of Rs.100/- each of Unit Trust of India			
TOTAL		<u> </u>	<u> </u>
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories:			
Stores & Spares, at cost	4,396,318		3,727,353
Obsolete & Unserviceable Stores & Spares, at estimated realisable value	<u>6,943</u>	4,403,261	<u>6,943</u> 3,734,296
Stock-in-Trade : at cost or net realisable value whichever is lower (unless otherwise stated)			
Raw Materials	14,770,481		16,663,646
Obsolete & Unserviceable Raw materials, at estimated realisable value	<u>24,548</u>		<u>24,548</u>
	14,795,029		16,688,194
Work-in-Progress	35,407,991		49,491,620
Finished Goods	<u>1,834,673</u>		<u>1,834,673</u>
		52,037,693	68,014,487
Goods in Bonded Warehouse, Cost to-date		<u>1,096,087</u>	<u>1,096,087</u>
As per Inventory taken, certified and Valued by the Management		57,537,041	72,844,870
(b) Sundry Debtors, Unsecured:			
(i) Outstanding for more than six months:			
Good	4,276,767		3,732,680
Doubtful	5,454,455		5,454,455
Less: Provision	<u>5,454,455</u>		<u>281,758</u>
	<u> </u>		<u>5,172,697</u>
	4,276,767		8,905,377
(ii) Other, Good	<u>40,387,350</u>		<u>11,996,505</u>
		44,664,117	20,901,882
(c) Cash and Bank Balances:			
Cash on hand	<u>49,279</u>		<u>71,493</u>
Bank Balances:			
With Scheduled Banks :			
In Current Account			
	91,874		189,660
In Fixed Deposit :			
Deposit receipt endorsed in favour of Bank for Letter of Credit & Bank Guarantee facility	1,852,231		2,397,000
Accrued Interest on above	<u>52,432</u>		<u>65,130</u>
	<u>1,996,537</u>		<u>2,651,790</u>
		2,045,816	2,723,283
Carried Over		104,246,974	96,470,035

The Anup Engineering Limited

		31st March, 2005 Rs.	31st March 2004 Rs.
Brought Over		104,246,974	96,470,035
(d) Loans and Advances, Unsecured, Good:			
Advances recoverable in cash or in kind or for value to be received	2,749,589		7,383,698
Balance with Customs and Collectorate of Central Excise	293,729		592,515
Tax paid in Advance	499,806		689,185
		<u>3,543,124</u>	<u>8,665,398</u>
TOTAL		107,790,098	105,135,433

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS :

(a) Liabilities :			
Sundry Creditors :			
For Goods:			
(i) Due to Small Scale Industrial Undertakings (See Note 11)	245,087		580,507
(ii) Others	18,168,052		14,226,399
	18,413,139		14,806,906
For Expenses	3,496,022		1,936,198
Others	11,676,382		22,888,051
		33,585,543	39,631,155
Advances from Customers		14,319,425	42,565,360
Investors Education and Protection Fund shall be credited by the following (See Note Below)			
Unclaimed Dividends		3,810	17,634
		47,908,778	82,214,149
(b) Provisions :			
For Unencashed Leave	481,598		488,549
For Taxation	451,000		400,000
		932,598	888,549
TOTAL		48,841,376	83,102,698

Note : The Figures are outstanding as at 31st March, 2005.
The actual amount to be transferred to said fund in this
respect shall be determined on the due dates.

SCHEDULE '9' : MISCELLANEOUS EXPENDITURE: (To the extent not written off or adusted)

Deferred Revenue Expenditure			
Payment under Voluntary Retirement Scheme		10,609,187	14,927,347
Payment of Staff Gratuity under V.R.S.		1,628,842	5,136,600
TOTAL		12,238,029	20,063,947

ANNUAL REPORT

	Rs.	2004-2005 Rs.	2003-2004 Rs.
SCHEDULE '10' : OTHER INCOME:			
Sales Tax Refunds		462,271	469,032
Miscellaneous Income		762,061	2,009,032
Surplus on Sale of Fixed Assets (including Rs.15,634,753/- on sale of surplus land) (See Note 12)		16,520,445	514,209
Sundry Credit Balances appropriated		-	60,500
Provisions no longer required		1,400	786,202
TOTAL		17,746,177	3,838,975

SCHEDULE '11' : INCREASE/DECREASE IN STOCKS:

Stocks at Close:			
Work-in-Progress	35,407,991		49,491,620
Finished Goods	1,834,673		1,834,673
		37,242,664	51,326,293
Less : Stocks at Commencement:			
Work-in-Progress	49,491,620		9,059,485
Finished Goods	1,834,673		1,866,954
		51,326,293	10,926,439
(Decrease)/Increase:		TOTAL	(14,083,629)
			40,399,854

SCHEDULE '12' : MATERIALS:

Raw Materials Consumed:			
Stocks at Commencement	16,688,194		8,667,196
Purchases	167,695,516		106,219,844
		184,383,710	114,887,040
Less : Sales		-	32,126
		184,383,710	114,854,914
Less : Stocks at Close		14,795,029	16,688,194
		TOTAL	169,588,681
			98,166,720

SCHEDULE '13' : MANUFACTURING EXPENSES:

Stores Consumed	6,244,678		4,699,513
Power & Fuel	5,064,454		4,381,126
Job Work Charges	22,978,953		14,570,405
Building Repairs	693,896		63,355
Machinery Repairs	2,688,432		1,739,221
TOTAL	37,670,413		25,453,620

SCHEDULE '14' : EMPLOYEES' EMOLUMENTS:

Salaries, Wages, Bonus etc.	5,512,039		5,628,164
Contribution to Provident & Other Funds	902,431		892,619
Welfare Expenses	442,340		231,858
Provident Fund Expenses	33,247		31,134
TOTAL	6,890,057		6,783,775

The Anup Engineering Limited

	Rs.	2004-2005 Rs.	2003-2004 Rs.
SCHEDULE '15' : INTEREST AND FINANCE CHARGES: (NET)			
Interest :			
On Fixed Loans	703,244		1,881,803
Other	<u>4,166,291</u>		<u>3,991,135</u>
		4,869,535	5,872,938
Less : Interest Received (Gross, Tax deducted Rs.30,281/-, Previous Year Rs.16,714/-)			
On Bonds			243
Other	<u>531,155</u>		<u>173,597</u>
		<u>531,155</u>	<u>173,840</u>
		4,338,380	5,699,098
Bills Discounting Charges		-	<u>22,828</u>
	TOTAL	<u>4,338,380</u>	<u>5,721,926</u>

SCHEDULE '16' : OTHER EXPENDITURE:

Rent	7,610	11,878
Rates & Taxes	235,221	625,670
Insurance	241,299	236,639
Other Repairs	567,268	420,387
Freight, Octroi etc.	2,415,285	650,838
Brokerage	-	368,274
Auditor's Remuneration	60,275	60,819
Legal & Professional Fees	356,364	397,545
Retainer Fees	1,124,670	591,400
Directors' Fees	17,000	18,000
Travelling Expenses	769,068	904,879
Bank Charges	2,140,696	1,301,858
Miscellaneous Expenses	1,983,793	1,978,678
Loss on Sale of Fixed Assets	432,534	-
Late Delivery Charges	1,704,131	795,832
Provision for Doubtful Debts	5,172,697	-
TOTAL	17,227,911	8,362,697

SCHEDULE '17' : DEPRECIATION AND OTHER WRITE OFFS:

Amount Written Off against leasehold land	1,195	461,670
Depreciation	<u>1,008,265</u>	<u>2,476,648</u>
TOTAL	1,009,460	2,938,318

ANNUAL REPORT

SCHEDULE '18' : NOTES FORMING PART OF THE ACCOUNTS :

		2004-2005	2003-2004
		Rs.	Rs.
1	Contingent Liabilities not provided for in respect of :		
(a)	Bills and cheques discounted	10,335,304	731,967
	Since Realised	10,335,304	731,967
(b)	Claims against the Company not acknowledged as Debts	5,25,545	525,545
2	Payment to Auditors:		
i.	As Auditors	33,060	32,400
ii.	In other capacity :		
	For Tax Audit	16,530	16,200
	For Certificate	9,852	10,800
iii.	For Expenses	833	1,419
		<u>60,275</u>	<u>60,819</u>
3	Guarantees given by Company's Bankers are secured by extension of hypothecation charge on Raw-materials, Finished Goods, Work-in-progress, etc. already hypothecated with the Bank and against charge on Fixed Assets of the Company.	27,574,235	42,978,383
4	Raw Materials Consumption and Imported and Indigenous Consumption :		
(a)	Raw Materials Consumption :		
		<u>2004-2005</u>	<u>2003-2004</u>
		Qty. Rs.	Qty. Rs.
	Metal Sheets & Plates	1345 MT.) 51 Nos.)	1367 MT.) 105 Nos.)
	Metal Pipes & Tubes	229062 Mtrs.	55007 Mtrs.
	Structural Materials	57 MT.) 294 Nos.)	50 MT.) 19 Nos.)
	Welding Electrodes	09 MT.) 622213 Nos.	11MT.) 439056 Nos.)
	Components	61,105,829	33,176,287
	TOTAL	<u>169,588,681</u>	<u>98,166,720</u>
(b)	Imported & Indigenous Raw Materials Consumption :		
		<u>2004-2005</u>	<u>2003-2004</u>
		Rs. Percentage	Rs. Percentage
	Imported	9,417,710 5.55%	790,375 0.81%
	Indigenous	160,170,971 94.45%	97,376,345 99.19%
	TOTAL	<u>169,588,681 100.00%</u>	<u>98,166,720 100.00%</u>

The Anup Engineering Limited

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

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

(a) Licensed & Installed Capacity & Production:

CLASS OF GOODS	LICENSED CAPACITY		*INSTALLED CAPACITY		PRODUCTION (INCL. LABOUR JOBS)	
	2004-2005	2003-2004	2004-2005	2003-2004	2004-2005	2003-2004
Chemical & Pharmaceutical Machinery	1900 MT.	1900 MT.	1900 MT.	1900 MT.	2171 MT.	1111 MT.
Industrial Centrifuges	100 Nos.	100 Nos.	100 Nos.	100 Nos.	24 Nos.	18 Nos.
**Dairy Machinery & Equipments	Rs.125 Lacs	Rs.125 Lacs				
Expansion Joints & Bellows	130 MT.	130 MT.	130 MT.	130 MT.	2 MT.	1 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						
2004-2005	3	1,428,456	3	1,428,456	855	262,518,343
2003-2004	4	1,460,737	3	1,428,456	774	81,585,758
Industrial Centrifuges						
2004-2005	1	399,273	1	399,273	24	73,749,371
2003-2004	1	399,273	1	399,273	18	26,806,342
*Dairy Machinery & Equipments						
2004-2005		-		-		-
2003-2004		-		-		-
Expansion Joints & Bellows						
2004-2005	1	6,944	1	6,944	18	720,131
2003-2004	1	6,944	1	6,944	15	186,491
*Soda Ash Plant, Equip. & Components						
2004-2005		-		-		-
2003-2004		-		-		-
Other						
2004-2005		-		-		2,804,288
2003-2004		-		-		7,580,441
TOTAL						
2004-2005		1,834,673		1,834,673		339,792,133
2003-2004		1,866,954		1,834,673		116,159,032

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

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

	2004-2005 Rs.	2003-2004 Rs.
(a) C.I.F. Value of Imports:		
Raw Materials	5,482,867	479,514

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

7. CUSTOMS DUTY:

Import duty payable on goods lying in Customs Bonded Warehouse will be as per the Company's practice, be accounted on clearance of goods. Such liability as at 31st March, 2005 is estimated at Rs.18,14,919/- (Previous year Rs.18,14,919/-). This accounting policy has no impact on the Profit for the year.

8. TAXATION :

(a) In absence of taxable income, no provision for Income tax has been made in the Accounts.

(b) Deferred Taxation

	Accumulated as on 31.03.2004 (Rs.)	Charge/ Credit for the year (Rs.)	As on 31.03.2005 (Rs.)
Deferred Tax Liability on account of :			
i. Depreciation	1,421,331	(276,054)	1,145,277
ii. Deferred Revenue	2,791,136	(463,036)	2,328,100
iii. Gratuity	901,006	(901,006)	-
	<u>5,113,473</u>	<u>(1,640,096)</u>	<u>3,473,377</u>
Deferred Tax Asset on account:			
i. Expenses allowable to tax purpose when paid	294,343	(20,513)	273,830
ii. Provision for Doubtful Debts	-	1,741,130	1,741,130
iii. Carry forward of losses	<u>31,453,262</u>	<u>(19,602,074)</u>	<u>11,851,188</u>
	<u>31,747,605</u>	<u>(17,881,457)</u>	<u>13,866,148</u>
Net deferred tax Liability/ (Assets)	<u>26,634,132</u>	<u>(16,241,361)</u>	<u>10,392,771</u>

Company has been registered as relief undertaking with Board for Industrial and Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provision) Act, 1985.

As directed by BIFR, Draft Rehabilitation Scheme has been submitted by the Company. As indicated in the Rehabilitation Scheme submitted by the Company, unabsorbed depreciation and carry forward of losses will be absorbed in future years. Accordingly the Company has, pursuant to Accounting standard AS-22 'Accounting for taxes on Income', continued to recognize deferred tax effects thereof.

9. RELATED PARTY INFORMATION :

Name of related party and nature of relationship:

Mr. P. G. Shah – Key Management Personnel.

10. EARNING PER SHARE :

	<u>31-03-2005</u> Rs.	<u>31-03-2004</u> Rs.
Profit for the year attributable to the Equity Shareholders	3,95,36,300	1,20,451
Basic/Weighted average number of Equity Shares outstanding during the year	1,40,000	1,40,000
Nominal Value of Equity Share	Rs.100/-	Rs.100/-
Basic & Diluted earning per Share	Rs. 282.40	Rs. 0.86

The Anup Engineering Limited

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

11. SMALL SCALE INDUSTRIAL UNDERTAKINGS DUES:

- (a) Disclosure under Sundry Creditors is based on the information available with the Company regarding the status of suppliers as defined under the "Interest on Delayed Payments to small Scale and Ancillary Industrial Undertaking Act, 1993".

Amounts overdue and remaining unpaid to small scale and/or ancillary Industrial suppliers principal Rs.Nil and interest Rs.Nil at the close of the year.

- (b) Names of Small Scale Industrial Undertakings in whose account any amount was outstanding for more than 30 days are as under:

Electro Service, Heatex Tools Pvt. Ltd., Kartikeya Industries, Kunj Forgings, OSNA Electronics P.Ltd., Precision Balancers, SPM Engineers, Vadilal Chemicals Ltd., Wellbore Engineering Co.

12. Sale of Surplus Land:

As the company is registered as a Sick Industrial Company within the meaning of clause (0) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985, application for required approval for above referred sale is made to Board for Industrial and Financial Reconstruction. - Approval of which is awaited.

13. Derecognition of Revaluation Surplus:

Company had, in the year 1998-99 revalued Lease hold Land Rights and Building and resulting Surplus on said revaluation was credited to Revaluation Reserve. This year, the company has decided to de-recognise the revaluation and restate the lease hold land rights and Building at original cost. Accordingly, book value of said assets has been written down to cost and reduction of book value amounting to Rs.13,58,44,921/- has been debited to Revaluation Reserve.

14. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this Schedule as Annexure-I.

15. Information required in terms of Part-IV of Schedule-VI to the Company's Act, 1956 is attached.

16. 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
DALAL & SHAH
Chartered Accountants
B.R.SHAH
Partner.
(Membership No.5806)
Ahmedabad.
10th May, 2005

SAMVEG A. LALBHAI
CHAIRMAN

For and on behalf
of the Board of Directors
ARUN P. SHETH
SHREYAS C. SHETH
DIRECTORS

Ahmedabad.
10th May, 2005

ANNEXURE-I REFERRED TO IN NOTE 14 IN SECHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005.

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 including incidental expenses related to acquisition and installation of concerned assets, 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) Other Fixed Assets :

- (i) Depreciation is provided on 'Straight line basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956. (vide note (ii) & (iii) below).
- (ii) Depreciation on additions to assets upto 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 upto the month of Sale, discarding or demolition of said assets.

3. INVESTMENTS :

Investments are valued at cost of acquisition.

4. INVENTORIES :

- i) Stores, Spares etc. are valued at cost.
- ii) Raw Materials and Work-in-Progress are valued at cost or net realisable value whichever is lower.
- iii) Finished Goods are valued at cost or net realisable value whichever is lower including excise duty.
- iv) Obsolete & unserviceable stocks are valued at estimated realisable value.
- v) Goods in transit and in Bonded Warehouse are stated at actual cost up to the date of the Balance Sheet.

5. EXCHANGE FLUCTUATIONS :

Current Assets and Liabilities in Foreign Currency outstanding at the close of the Financial year are valued at the appropriate 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.

The Anup Engineering Limited

6. RETIREMENT BENEFITS :

- i) Retirement benefits in the form of Provident Fund and Superannuation/Pension Scheme whether in pursuance of any law or otherwise, is accounted on accrual basis and charged to the Profit and Loss Account for the year.
- ii) Provision for the contribution to the Employees Gratuity Trust Fund is based on actuarial valuation carried out at the close of the year.
Additional contribution to Gratuity Trust on account of out going employees is being amortised over a period of 48 months commencing from the month of payment.
- iii) **Leave Encashment :**
Provision for leave encashment is accrued and provided for at the end of financial year on the basis of an actuarial valuation.

7. PAYMENTS FOR EARLY VOLUNTARY RETIREMENTS:

Payments to the Voluntarily retiring employees are being amortised over the period of future benefit as estimated by the management. Amortisation for the payments made during 1998-1999 and 2001-2002 is over a period of 48 months commencing after completion of 24 months from the date of payment.

8. TAXATION:

Income-tax expense Comprises current tax and Deferred tax charges/credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. 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.

ANNUAL REPORT

INFORMATION REFERRED TO IN NOTE 15 IN SCHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

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.

State Code :

Balance Sheet Date :

001170

04

31.03.2005

II. Capital Raised during the Year

Public Issue

Right Issue

Bonus Issue

Private Placement

(Rs.in Lacs)

NIL

NIL

NIL

NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities

Total Assets

975.29

975.29

Sources of Funds:

Paid-up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

140.00

0.03

219.11

616.15

Application of Funds:

Net fixed Assets

Investments

Net Current Assets

Misc.Expenditure

Accumulated Losses

Deferred Tax Assets (Net)

51.24

0.00

589.49

122.38

108.25

103.93

IV. Performance of Company

Turnover (Incl.other income)

Total Expenditure

Profit before Tax

Profit after Tax

Earning Per Share in Rs.

Dividend Rate %

3476.20

2917.91

558.29

395.36

282.40

NIL

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

Item Code No.(ITC Code)

Product Description

Item Code No.(ITC Code)

Product Description

Item Code No.(ITC Code)

Product Description

841989.01

Pressure Vessels, Reactors

842119.02 & 842119.07

Centrifuges

731100.09

Chlorine Containers

NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting of the Members of the Company will be held on Tuesday, 19th July, 2005 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, 2005 and Profit and 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 appoint a Director in place of Shri Samveg A. Lalbhai, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Pankaj Sudhakar Sheth, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office:

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

10th May, 2005

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. Printed copy of Annual Report for 2004-2005 is enclosed herewith.
3. The Register of Members and Share Transfer Books will be closed from Tuesday, 12th July, 2005 to Monday, 18th July, 2005 (both days inclusive) for the purpose of ascertaining the validity of transfers deeds.
4. Members are requested to bring their copies of the Annual Report to the meeting.

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 my/our behalf at the Annual General Meeting of the Company to be held on 19th July, 2005 and at any adjournment thereof.

Signed this _____ day of _____ 2005

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 18th July, 2005.

Book - Post

To,

If Undelivered please return to :

THE ANUP ENGINEERING LIMITED

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