



THE ANUP ENGINEERING LIMITED

Annual Report 2005-2006

THE ANUP ENGINEERING LIMITED
AHMEDABAD

DIRECTORS :

SHRI SAMVEG A. LALBHAI
SHRI ARUN P. SHETH
SHRI PANKAJ SUDHAKER SHETH
SHRI CHANDRAKANT T. PARIKH
SHRI SHREYAS CHINUBHAI SHETH

CHAIRMAN

REGISTERED OFFICE/WORKS :

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

AUDITORS :

MESSERS DALAL & SHAH
Chartered Accountants

BANKERS :

Bank of Baroda

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.

The Anup Engineering Limited

DIRECTORS' REPORT

Your Directors submit herewith the 43rd Annual Report together with the audited statements of Accounts for the year ended 31st March, 2006

1. FINANCIAL RESULTS :

	2005-2006 (Rs.in Lacs)	2004-2005 (Rs.in Lacs)
Profit before Interest, Depreciation & Taxation	263.55	611.74
Less : Interest (Net)	8.29	43.38
Depreciation	<u>12.71</u>	<u>10.09</u>
	21.00	53.47
Provision for Taxation – Current	21.00	4.51
– Deferred	89.93	162.41
– Fringe Benefit Tax	<u>1.95</u>	<u>–</u>
	112.88	166.92
Less : MAT Credit	<u>21.00</u>	<u>–</u>
	<u>91.88</u>	<u>166.92</u>
Profit for the year	150.67	391.35
Tax adjustments of earlier years	–	4.00
Loss for the year 1999-2000 previously adjusted to Revaluation Reserve, now transferred		(210.91)
Balance carried of the last year	<u>(110.26)</u>	<u>(294.70)</u>
Balance carried to next year	<u>40.41</u>	<u>(110.26)</u>

In view of the carried forward losses, your Directors regret their inability to recommend any dividend for the year ended 31-3-2006.

2. OPERATIONS:

Your Directors are pleased to report that during the year your company could wipe out all past losses and generate moderate surplus after a long time. We are pleased to report that during the year 2005-06 your company achieved sales of Rs. 3041.02 Lacs as against sales of Rs. 2967.17 lacs during the year 2004-05. The sales achieved were slightly higher than the last year. But Profit before interest, depreciation and taxation was lower from Rs. 611.74 Lacs for the year 2004-05 to Rs. 263.55 Lacs during the year. Margins were affected during the year because of increased cost of Raw Materials, Labour and other inputs. Further, profit for the year 2004-05 was also inclusive of profit from sale of surplus Land amounting to Rs. 156.35 Lacs.

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. As the past losses are wiped out, your company will be able to manage the Working Capital Funds in a better way. This would improve the strength of the Company. Your directors are confident that the performance of your company during the current year 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

The Anup Engineering Limited

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. APPROVAL OF REHABILITATION SCHEME BY BIFR :

During the year under report Rehabilitation Scheme as prepared by the Company and vetted by the Bank of Baroda has been approved by the BIFR vide its order dated December 8, 2005. Implementation of the said scheme is under progress.

7. APPLICATION FOR DEREGISTRATION AS RELIEF UNDERTAKING :

With the improved performance of the company during last three years the company has wiped out all its past losses and the Net Worth of the Company has become positive. In view of this the Company will make application to the BIFR for deregistration of the Company from the purview of relief undertaking under the provisions of the Sick Industrial Companies (Special Provision) Act, 1985.

8. 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.

9. 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.

10. DIRECTORS :

Shri Chandrakant T. Parikh retire by rotation and being eligible, offer himself for re-election.

11. 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.

12. APPRECIATION:

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

Ahmedabad.

Date: 5th May, 2006.

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, 2006. 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 10/05/2005, 19/07/2005, 21/10/2005, 21/01/2006, in respect of which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members, from 12/07/2005 to 18/07/2005 (Both days inclusive).

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06. The Annual general meeting for the year ended 31/03/2005 was held on 19/07/2005 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.
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 15/11/05.
(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 : 05/05/2006

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	Date of Filing	Document filed
30/05/2005	Statement in Lieu of Advertisement.	12/01/2006	Form 17 & 13
21/07/2005	Balance Sheet as at 31/03/2005.	12/01/2006	Form 17 & 13
21/07/2005	Compliance Certificate.	12/01/2006	Form 17 & 13
16/09/2005	Annual Return made upto 19/07/05.	12/01/2006	Form 17 & 13
27/12/2005	Form 8 & 13	12/01/2006	Form 17 & 13
12/01/2006	Form 17 & 13	12/01/2006	Form 17 & 13

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ANNEXURE TO THE DIRECTORS' REPORT (UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956)

A. CONSERVATION OF ENERGY :

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have been implemented, but there are no major areas where further energy conservation measures can be taken. Efforts to conserve and optimise the use of energy will continue.

FORM A

A. POWER AND FUEL CONSUMPTION :

	<u>2005-2006</u>	<u>2004-2005</u>
1. (a) Electricity :		
Units	7,27,274	6,97,049
Total Amount (Rs.)	36,02,110	35,77,254
Rate/Unit (Rs.)	4.95	5.13
(b) Own Generation :		
(Through Diesel Generator)		
Units	38160	42720
Total Amount (Rs.)	4,67,832	4,57,901
Rate/Unit (Rs.)	12.26	10.72
2. Furnace Oil :		
Qty (Liters)	181985	69160
Cost	33,15,798	9,15,217
Rate per	18.22	13.23

FORM B

B. TECHNOLOGY ABSORPTION :

RESEARCH & DEVELOPMENT :

- 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.
- 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.
- Future Plan of action :
The Company will continue to lay emphasis on the main areas of R&D set out under para (a) above.
- R&D Expenditure :

	<u>2005-2006</u> (Rs.in Lacs)	<u>2004-2005</u> (Rs.in Lacs)
Capital	-	-
Recurring	8.81	6.52
Total	8.81	6.52
Total R&D Expenditure as % of Total Turn Over	0.39	0.19

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, 2006 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, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 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 sanction of rehabilitation scheme by B.I.F.R. 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, 2006;
 - b. in the case of the Profit and Loss Account, of the Profit 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.
- 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

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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. According to the information and explanations given to us, the Company has not granted/or taken any loan secured or unsecured to/or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 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 to 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:

Sr. No.	Nature of Statute	Nature of Dues	Period to which amount relates	Amount Rs.	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise Duty on Job Work Charges	1980-81	1,69,538/-	High Court of Gujarat
2.	Income Tax Act, 1961	Penalty proceedings	2000-01	3,83,350/-	CIT (Appeal)
			TOTAL	5,52,888/-	

- x. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and in the immediately preceding financial year;

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- 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 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
(Membership No.5806)

Ahmedabad.
Date : 5TH May, 2006.

The Anup Engineering Limited

BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	Rs.	31st March, 2006 Rs.	31st March 2005 Rs.
I. SOURCES OF FUNDS:				
(1) Shareholders' Funds:				
(a) Capital	1	14,000,000		14,000,000
(b) Reserves & Surplus	2	<u>4,244,076</u>		<u>2,995</u>
			18,244,076	<u>14,002,995</u>
(2) Loan Funds:				
(a) Secured Loans	3	28,256,772		21,910,830
(b) Unsecured Loans	4	<u>65,015,391</u>		<u>61,615,469</u>
			<u>93,272,163</u>	<u>83,526,299</u>
TOTAL			<u>111,516,239</u>	<u>97,529,294</u>
II. APPLICATION OF FUNDS:				
(1) Fixed Assets:				
(a) Gross Block		52,220,583		50,860,655
(b) Less : Depreciation		<u>46,673,784</u>		<u>45,736,467</u>
(c) Net Block	5		5,546,799	5,124,188
(2) Investments	6		-	-
(3) Deferred Tax Assets (Net) (See Note 8)			1,399,813	10,392,771
(4) Current assets, Loans and Advances :	7			
(a) Inventories		53,912,470		57,537,041
(b) Sundry Debtors		68,871,172		44,664,117
(c) Cash and Bank Balances		3,148,312		2,045,816
(d) Loans and Advances		<u>7,806,660</u>		<u>3,543,124</u>
		<u>133,738,614</u>		<u>107,790,098</u>
Less : Current Liabilities and Provisions :	8			
(a) Liabilities		32,158,664		47,908,778
(b) Provisions		<u>3,403,573</u>		<u>932,598</u>
		<u>35,562,237</u>		<u>48,841,376</u>
Net Current Assets			98,176,377	58,948,722
(5) (a) Miscellaneous Expenditure:				
(To the extent not written off or adjusted)				
Deferred Revenue Expenditure	9	<u>6,393,250</u>		<u>12,238,029</u>
(b) Profit and Loss Account :				
Debit balance as per Annexed Account	-		11,025,584	
Less : General Reserve, Per Contra		-		<u>200,000</u>
			<u>6,393,250</u>	<u>10,825,584</u>
TOTAL			<u>111,516,239</u>	<u>97,529,294</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.
5th May, 2006

SAMVEG A. LALBHAI
CHAIRMAN

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

Ahmedabad.
5th May, 2006

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	2005-2006 Rs.	2004-2005 Rs.
INCOME:			
Sales (Including Excise Duty)		344,375,137	339,792,133
Fabrication Charges			
(Including Excise Duty)		<u>4,788,406</u>	<u>3,743,386</u>
		<u>349,163,543</u>	<u>343,535,519</u>
Less : Excise Duty		<u>47,884,817</u>	<u>47,241,936</u>
		301,278,726	296,293,583
Job Work Charges		2,823,099	423,351
Other Income	10	<u>8,295,288</u>	<u>17,746,177</u>
		312,397,113	314,463,111
Increase/(Decrease) in Stocks	11	<u>(10,909,782)</u>	<u>(14,083,629)</u>
		301,487,331	300,379,482
EXPENDITURE:			
Raw Materials Consumed	12	178,016,147	169,588,681
Manufacturing Expenses	13	45,116,106	37,670,413
Employees' Emoluments	14	9,702,158	6,890,057
Interest and Finance Charges	15	829,132	4,338,380
Deferred Revenue Expenditure Written Off		5,844,779	7,825,918
Other	16	36,453,309	17,227,911
Depreciation & Other Write Offs	17	<u>1,271,077</u>	<u>1,009,460</u>
		277,232,708	244,550,820
Profit before Taxation		24,254,623	55,828,662
Provision for Taxation :			
Current Tax		2,100,000	451,000
Deferred Tax (See Note 8)		8,992,958	16,241,361
Fringe Benefit Tax		<u>195,000</u>	<u>-</u>
		11,287,958	16,692,361
Less : MAT Credit Entitlement		<u>2,100,000</u>	<u>-</u>
		<u>9,187,958</u>	<u>16,692,361</u>
Profit for the year		15,066,665	39,136,301
Tax adjustment Previous Year		-	400,000
		15,066,665	39,536,301
As per last Account		(11,025,584)	(29,470,543)
Loss for the year 1999-2000 previously adjusted to Revaluation			
Reserve, now transferred		-	(21,091,342)
Balance carried to Balance Sheet		<u>4,041,081</u>	<u>(11,025,584)</u>
Notes forming part of the Accounts	18		
(Basic/diluted earning per share)(See Note 10)		Rs.107.62	Rs.282.40

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.
5th May, 2006

SAMVEG A. LALBHAI
CHAIRMAN

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

Ahmedabad.
5th May, 2006

The Anup Engineering Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006 (Pursuant to listing agreement with stock exchange)

	Rs.	2005-2006 Rs.	Rs.	2004-2005 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS		24,254,623		55,828,662
Taxation Provision	(195,000)		(451,000)	
Surplus on Sale of Fixed Assets	(6,000)		(16,520,445)	
Adjustment for Depreciation & Write Offs	1,271,077		1,009,460	
Interest (Net)	829,132		4,338,380	
Prior Period Adjustment	—		400,000	
		1,899,209		(11,223,605)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		26,153,832		44,605,057
Adjustment for :				
Trade & Other Receivables	(28,470,591)		(18,639,961)	
Inventories	3,624,571		15,307,829	
Trade Payables	(13,279,139)		(34,261,322)	
Deferred Revenue Exps.	5,844,779		7,825,918	
		(32,280,380)		(29,767,536)
CASH GENERATED FROM OPERATIONS :		(6,126,548)		14,837,521
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		(6,126,548)		14,837,521
Extra Ordinary Item		—		—
NET CASH FLOW FROM OPERATING ACTIVITIES		(6,126,548)		14,837,521
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(1,704,407)		(744,515)	
Sales of Fixed Assets	16,719		17,653,952	
Interest Received	287,092		531,155	
NET CASH FLOW FROM INVESTING ACTIVITIES		(1,400,596)		17,440,582
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Total proceeds from borrowings (Net of repayments)		9,745,864		(28,086,045)
Interest Paid		1,116,224		4,869,535
NET CASH USED IN FINANCING ACTIVITIES		8,629,640		(32,955,580)
Net Increase/Decrease in Cash & Cash equivalents		1,102,496		(677,467)
CASH & CASH EQUIVALENTS AS AT 1.4.2005 (OPENING BALANCE)		2,045,816		2,723,283
CASH & CASH EQUIVALENTS AS AT 31.03.2006 (CLOSING BALANCE)		3,148,312		2,045,816

For and on behalf of
DALAL & SHAH
Chartered Accountants
B.R.SHAH
Partner.
(Membership No.5806)
Ahmedabad.
5th May, 2006

SAMVEG A. LALBHAI
CHAIRMAN

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

Ahmedabad.
5th May, 2006

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Schedule 1 to 18 annexed to and forming part of the Balance Sheet as at and Profit & Loss Account for the year ended on 31st March, 2006

	Rs.	31st March, 2006 Rs.	31st March 2005 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>
TOTAL		<u>14,000,000</u>	<u>14,000,000</u>
SCHEDULE '2' : RESERVES & SURPLUS:			
CAPITAL RESERVE		1,075	1,075
REVALUATION RESERVE :			
As per last Account	-		114,753,579
Add : Loss for the year 1999-2000 previously adjusted to this reserve, now transferred to Profit & Loss Account	-		<u>21,091,342</u>
	-		135,844,921
Less : Value added on revaluation, of assets now reversed on de-recognition (See Note 13)	-		<u>135,844,921</u>
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>
		200,000	-
Surplus as per annexed account		<u>4,041,081</u>	-
TOTAL		<u>4,244,076</u>	<u>2,995</u>

The Anup Engineering Limited

31st March, 2006
Rs.
31st March 2005
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
Corporate Loan	-	1,033,035
		<u>3,461,961</u>

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

Cash Credit	28,256,772	18,448,869
	<u>28,256,772</u>	<u>21,910,830</u>

TOTAL

SCHEDULE '4' : UNSECURED LOANS:

From Joint Stock Companies

65,015,391

Interest Accrued & due

61,065,391

550,078

TOTAL

65,015,391

61,615,469

SCHEDULE '5' : FIXED ASSETS

Fixed Assets	GROSS BLOCK(a)				DEPRECIATION				NET BLOCK	
	As at 31-3-2005	Additions	Deductions	As at 31-3-2006	Upto 31-3-2005	Recouped & Adjustment	For the Year	Upto 31-3-2006	As at 31-3-2006	As at 31-3-2005
Tangible Assets:										
Land, Leasehold	150,692	-	1,195	149,497	-	-	-	-	149,497	150,692
Buildings	5,464,839	-	1	5,464,838	4,896,720	-	65,286	4,961,986	502,852	568,119
Machinery	40,211,900	598,734	-	40,810,634	38,572,411	-	764,131	37,336,542	3,474,092	3,639,489
Electric Installations	1,768,003	-	-	1,768,003	1,768,003	-	-	1,768,003	-	-
Tube Well	380,490	-	-	380,490	519	-	6,232	6,751	373,739	379,971
Furniture & Deadstock	2,210,489	103,691	-	2,314,180	1,910,751	-	87,630	1,998,381	315,799	299,738
Drawings	100,000	-	-	100,000	100,000	-	-	100,000	-	-
Vehicles	574,242	37,816	343,283	268,775	488,063	332,565	25,234	180,732	88,043	86,179
Intangible Assets:										
Computer Software	-	964,166	-	964,166	-	-	321,389	321,389	642,777	-
Total Rs.	50,860,655	1,704,407	344,479	52,220,583	45,736,467	332,565	1,269,882	46,673,784	5,546,799	5,124,188
Previous Year's TotalRs.	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	

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

	Rs.	31st March, 2006 Rs.	31st March 2005 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			
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories:			
Stores & Spares, at cost	5,311,630		4,396,318
Obsolete & Unserviceable Stores & Spares, at estimated realisable value	<u>6,943</u>	5,318,573	<u>6,943</u> 4,403,261
Stock-in-Trade : at cost or net realisable value whichever is lower (unless otherwise stated)			
Raw Materials	22,236,467		14,770,481
Obsolete & Unserviceable Raw materials, at estimated realisable value	<u>24,548</u>		<u>24,548</u>
	22,261,015		14,795,029
Work-in-Progress	24,392,413		35,407,991
Finished Goods	<u>1,940,469</u>		<u>1,834,673</u>
		48,593,897	52,037,693
Goods in Bonded Warehouse, Cost to-date		-	<u>1,096,087</u>
As per Inventory taken, certified and Valued by the Management		53,912,470	57,537,041
(b) Sundry Debtors, Unsecured:			
(i) Outstanding for more than six months:			
Good	3,470,206		4,276,767
Doubtful	-		5,454,455
Less: Provision	<u>-</u>		<u>5,454,455</u>
	3,470,206		4,276,767
(ii) Other, Good	<u>65,400,966</u>	68,871,172	<u>40,387,350</u> 44,664,117
(c) Cash and Bank Balances:			
Cash on hand	<u>429,461</u>		<u>49,279</u>
Bank Balances:			
With Scheduled Banks :			
In Current Account	56,793		91,874
In Fixed Deposit :			
Deposit receipt endorsed in favour of Bank for Letter of Credit & Bank Guarantee facility	2,662,058		1,852,231
Accrued Interest on above	<u>-</u>		<u>52,432</u>
	<u>2,718,851</u>		<u>1,996,537</u>
		3,148,312	<u>2,045,816</u>
Carried Over		125,931,954	104,246,974

The Anup Engineering Limited

		31st March, 2006 Rs.	31st March 2006 Rs.
Brought Over		125,931,954	104,246,974
(d) Loans and Advances, Unsecured, Good:			
Advances recoverable in cash or in kind or for value to be received	3,572,396		2,749,589
Balance with Customs and Collectorate of Central Excise	1,371,553		293,729
MAT Credit Entitlement	2,100,000		-
Tax paid in Advance	<u>762,711</u>		<u>499,806</u>
		7,806,660	3,543,124
TOTAL		<u>133,738,614</u>	<u>107,790,098</u>

SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS :

(a) Liabilities :			
Sundry Creditors :			
For Goods:			
(i) Due to Small Scale Industrial Undertakings (See Note 11)	61,989		245,087
(ii) Others	<u>9,841,886</u>		<u>18,168,052</u>
	9,903,875		18,413,139
For Expenses	5,084,103		3,496,022
Others	<u>2,809,617</u>		<u>11,676,382</u>
		17,797,595	33,585,543
Advances from Customers		14,361,069	14,319,425
Investors Education and Protection Fund shall be credited by the following (See Note Below)			
Unclaimed Dividends		-	3,810
		32,158,664	47,908,778
(b) Provisions :			
For Unencashed Leave	657,573		481,598
For Income Tax	2,551,000		451,000
For Taxation	<u>195,000</u>		-
		3,403,573	932,598
TOTAL		<u>35,562,237</u>	<u>48,841,376</u>

Note : The Figures are outstanding as at 31st March, 2006,
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		6,291,027	10,609,187
Payment of Staff Gratuity under V.R.S.		<u>102,223</u>	<u>1,628,842</u>
TOTAL		<u>6,393,250</u>	<u>12,238,029</u>

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	Rs.	2005-2006 Rs.	2004-2005 Rs.
SCHEDULE '10' : OTHER INCOME:			
Sales Tax Refunds		710,109	462,271
Miscellaneous Income		1,269,047	762,061
Surplus on Sale of Fixed Assets (including Rs.15,634,753/- on sale of surplus land) (See Note 12)		6,000	16,520,445
Sundry Credit Balances appropriated		278,058	-
Provision for Doubtful Debts written back		5,454,455	-
Provisions no longer required		577,619	1,400
TOTAL		8,295,288	17,746,177

SCHEDULE '11' : INCREASE/DECREASE IN STOCKS:

Stocks at Close:			
Work-in-Progress	24,392,413		35,407,991
Finished Goods	<u>1,940,469</u>		<u>1,834,673</u>
		26,332,882	<u>37,242,664</u>
Less : Stocks at Commencement:			
Work-in-Progress	35,407,991		49,491,620
Finished Goods	<u>1,834,673</u>		<u>1,834,673</u>
		<u>37,242,664</u>	<u>51,326,293</u>
(Decrease)/Increase	TOTAL	(10,909,782)	(14,083,629)

SCHEDULE '12' : MATERIALS:

Raw Materials Consumed:			
Stocks at Commencement		14,795,029	16,688,194
Purchases		<u>185,482,133</u>	<u>167,695,516</u>
		200,277,162	184,383,710
Less : Stocks at Close		<u>22,261,015</u>	<u>14,795,029</u>
	TOTAL	178,016,147	169,588,681

SCHEDULE '13' : MANUFACTURING EXPENSES:

Stores Consumed	8,310,168	6,244,678
Power & Fuel	7,385,740	5,064,454
Job Work Charges	24,203,982	22,978,953
Building Repairs	1,397,037	693,896
Machinery Repairs	<u>3,819,179</u>	<u>2,688,432</u>
TOTAL	45,116,106	37,670,413

SCHEDULE '14' : EMPLOYEES' EMOLUMENTS:

Salaries, Wages, Bonus etc.	8,299,869	5,512,039
Contribution to Provident & Other Funds	1,176,814	902,431
Welfare Expenses	183,872	442,340
Provident Fund Expenses	<u>41,603</u>	<u>33,247</u>
TOTAL	9,702,158	6,890,057

The Anup Engineering Limited

	Rs.	2005-2006 Rs.	2004-2005 Rs.
SCHEDULE '15' : INTEREST AND FINANCE CHARGES: (NET)			
Interest :			
On Fixed Loans	69,278		703,244
Other	<u>1,046,946</u>		<u>4,166,291</u>
		1,116,224	4,869,535
Less : Interest Received (Gross, Tax deducted Rs.42,941/-, Previous Year Rs.30,281/-) Other		<u>287,092</u>	<u>531,155</u>
TOTAL		<u>829,132</u>	<u>4,338,380</u>

SCHEDULE '16' : OTHER EXPENDITURE:

Rent	7,610	7,610
Rates & Taxes	809,744	235,221
Insurance	217,319	241,299
Other Repairs	740,492	567,268
Freight, Octroi etc.	688,671	2,415,285
Auditor's Remuneration	106,211	60,275
Legal & Professional Fees	1,348,252	356,364
Retainer Fees	1,312,600	1,124,670
Directors' Fees	40,000	17,000
Travelling Expenses	1,678,940	769,068
Bank Charges	2,860,996	2,140,696
Miscellaneous Expenses	3,812,646	1,672,712
Loss on Sale of Fixed Assets	9,568	432,534
Late Delivery Charges	11,928,317	1,704,131
Inspection Charges	3,499,295	311,081
Bad Debts	5,454,455	-
Excise Duty on year end Finished Goods	42,106	-
Goods in Bonded Ware House Written Off	1,096,087	-
Sundry Debit Balance Written Off	800,000	-
Provision for Doubtful Debts	-	<u>5,172,697</u>
TOTAL	<u>36,453,309</u>	<u>17,227,911</u>

SCHEDULE '17' : DEPRECIATION AND OTHER WRITE OFFS:

Amount Written Off against leasehold land	1,195	1,195
Depreciation	<u>1,269,882</u>	<u>1,008,265</u>
TOTAL	<u>1,271,077</u>	<u>1,009,460</u>

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

	2005-2006 Rs.	2004-2005 Rs.
1 Contingent Liabilities not provided for in respect of :		
(a) Bills and cheques discounted	–	10,335,304
Since Realised	–	10,335,304
(b) Claims against the Company not acknowledged as Debts	525,545	5,25,545
(c) Income Tax matter under Appeal	383,350	–
(d) Excise matter under appeal	169,538	169,538
1A Estimated amount of Contracts remaining to be executed on Capital account and not provided for	258,798	–
2 Payment to Auditors:		
i. As Auditors	80,000	33,060
ii. In other capacity :		
For Tax Audit	16,194	16,530
For Certificate	9,306	9,852
iii. For Expenses	711	833
	<u>*106,211</u>	<u>60,275</u>
* 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. already hypothecated with the Bank and against charge on Fixed Assets of the Company.	57,847,921	27,574,235

4 Raw Materials Consumption and Imported and Indigenous Consumption :**(a) Raw Materials Consumption :**

	2005-2006		2004-2005	
	Qty.	Rs.	Qty.	Rs.
Metal Sheets & Plates	2146 MT.) 101 NOS.)	94,311,028	1345 MT.) 51 Nos.)	67,717,265
Metal Pipes & Tubes	80213 Mtrs.	21,320,975	229062 Mtrs.	30,282,958
Structural Materials	57 MT.) 18 Nos.)	3,449,581	57 MT.) 294 Nos.)	4,915,227
Welding Electrodes	20 MT. 484282 Nos.)	5,559,568	09 MT.) 622213 Nos.	5,567,402
Components		53,374,995		61,105,829
TOTAL		<u>178,016,147</u>		<u>169,588,681</u>

(b) Imported & Indigenous Raw Materials Consumption :

	2005-2006		2004-2005	
	Rs.	Percentage	Rs.	Percentage
Imported	16,311,759	9.16%	9,417,710	5.55%
Indigenous	161,704,388	90.84%	160,170,971	94.45%
TOTAL	<u>178,016,147</u>	<u>100.00%</u>	<u>169,588,681</u>	<u>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)	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Chemical & Pharmaceutical Machinery	1900 MT.	1900 MT.	1900 MT.	1900 MT.	1133 MT.	2171 MT.
Industrial Centrifuges	100 Nos.	100 Nos.	100 Nos.	100 Nos.	14 Nos.	24 Nos.
**Dairy Machinery & Equipments	Rs.125 Lacs	Rs.125 Lacs				
Expansion Joints & Bellows	130 MT.	130 MT.	130 MT.	130 MT.	1 MT.	2 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	2005-2006	3	1,428,456	9	1,534,252	2,578	287,769,561
	2004-2005	3	1,428,456	3	1,428,456	855	262,518,343
Industrial Centrifuges	2005-2006	1	399,273	1	399,273	14	52,010,391
	2004-2005	1	399,273	1	399,273	24	73,749,371
*Dairy Machinery & Equipments	2005-2006		-		-		-
	2004-2005		-		-		-
Expansion Joints & Bellows	2005-2006	1	6,944	1	6,944	10	297,430
	2004-2005	1	6,944	1	6,944	18	720,131
*Soda Ash Plant, Equip. & Components	2005-2006		-		-		-
	2004-2005		-		-		-
Other	2005-2006		-		-		4,297,755
	2004-2005		-		-		2,804,288
TOTAL..	2005-2006		<u>1,834,673</u>		<u>1,940,469</u>		<u>344,375,137</u>
	2004-2005		<u>1,834,673</u>		<u>1,834,673</u>		<u>339,792,133</u>

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

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

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

	2005-2006	2004-2005
	<u>Rs.</u>	<u>Rs.</u>
(a) C.I.F. Value of Imports :		
Raw Materials	1,56,50,931	54,82,867
(b) Expenditure in Foreign Currency		
Other Matters	3,93,475	-
(c) Earning in Foreign Currency		
F.O.B. Value of Exports	56,838	-

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, 2006 is estimated at Rs. NIL (Previous year Rs.18,14,919/-). This accounting policy has no impact on the Profit for the year.

8. TAXATION :

(a) Provision for current tax for the year has been made pursuant to the provisions of section 115 JB of the Income-Tax Act, 1961.

(b) Deferred Taxation

	Accumulated as on 31.03.2005 <u>(Rs.)</u>	Charge/ Credit for the year <u>(Rs.)</u>	As on 31.03.2006 <u>(Rs.)</u>
Deferred Tax Liability on account of :			
i. Depreciation	1,145,277	(184,994)	960,283
ii. Deferred Revenue	<u>2,328,100</u>	<u>(290,698)</u>	<u>2,037,402</u>
	<u>3,473,377</u>	<u>(475,692)</u>	<u>2,997,685</u>
Deferred Tax Asset on account:			
i. Expenses allowable to tax purpose when paid	273,830	59,233	333,063
ii. Provision for Doubtful Debts	1,741,130	(1,741,130)	-
iii. Carry forward of losses	<u>11,851,188</u>	<u>(7,786,753)</u>	<u>4,064,435</u>
	<u>13,866,148</u>	<u>9,468,650</u>	<u>4,397,498</u>
Net deferred tax Liability/ (Assets)	<u>10,392,771</u>	<u>8,992,958</u>	<u>1,399,813</u>

9. RELATED PARTY INFORMATION :

Name of related party and nature of relationship:

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

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

10. EARNING PER SHARE :

	<u>31-03-2006</u>	<u>31-03-2005</u>
	<u>Rs.</u>	<u>Rs.</u>
Profit for the year attributable to the Equity Shareholders	1,50,66,665	3,95,36,300
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. 107.62	Rs. 282.40

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:

Kartikeya Industries, Kunj Forgings, Wellbore Engineering Co.

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

Rehabilitation Scheme submitted by the Company has been sanctioned by BIFR vide its order dated 8th December, 2005. Implementation of the said scheme is in progress.

13. The Company has one business Segment - 'Engineering'

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.
5th May, 2006

SAMVEG A. LALBHAI
CHAIRMAN

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

Ahmedabad.
5th May, 2006

ANNEXURE-I REFERRED TO IN NOTE 14 IN SECHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006.

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 actual liability.

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. MAT Credit is recognized as an 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.

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income-tax Act, 1961.

ANNUAL REPORT

INFORMATION REFERRED TO IN NOTE 15 IN SCHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

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 :	31.03.2006
II. Capital Raised during the Year	
	(Rs.in Lacs)
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds	
Total Liabilities	1115.16
Total Assets	1115.16
Sources of Funds:	
Paid-up Capital	140.00
Reserve & Surplus	42.44
Secured Loans	282.57
Unsecured Loans	650.15
Application of Funds:	
Net fixed Assets	55.47
Investments	0.00
Net Current Assets	981.76
Misc.Expenditure	63.93
Accumulated Losses	-
Deferred Tax Assets (Net)	14.00
IV. Performance of Company	
Turnover (Incl.other income)	3123.97
Total Expenditure	2881.43
Profit before Tax	242.54
Profit after Tax	150.66
Earning Per Share in Rs.	107.62
Dividend Rate %	NIL
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

NOTICE

NOTICE is hereby given that the 43rd Annual General Meeting of the Members of the Company will be held on Friday, the 15th September, 2006 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, 2006 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 appoint a Director in place of Shri Chandrakant T. Parikh, 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 Auditors and to fix their remuneration.

Registered Office:

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

5th May, 2006

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 copies of Annual Report for 2005-2006 is enclosed herewith.
3. The Register of Members and Share Transfer Books will be closed from Tuesday 12th September, 2006 to the Thursday, 14th September, 2006 (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 15th September, 2006 and at any adjournment thereof.

Signed this _____ day of _____, 2006

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 14th September, 2006.

Book - Post

To,

If Undelivered please return to :

THE ANUP ENGINEERING LIMITED

Behind 66 KV Elec. Sub-Station,

Odhav Road, Ahmedabad-382 415