

---

**FOR THE ANUP ENGINEERING LIMITED,**

*Shreepal Chaur*  
**DIRECTOR.**



**THE ANUP ENGINEERING LIMITED**  
**Annual Report 2006-2007**

## NOTICE

NOTICE is hereby given that the 44th Annual General Meeting of the Members of the Company will be held on Friday, the 21st September, 2007 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, 2007 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 Arun P. Sheth, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Shreyas C. Sheth, who retires by rotation under Article 129 of the Articles of Association of the Company and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

Registered Office:

Behind 66 KV Electric Sub Station,  
Odhav Road, Ahmedabad-382 415.  
28h June, 2007

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 2006-2007 is enclosed herewith.
3. The Register of Members and Share Transfer Books will be closed from Friday 14th September, 2007 to the Friday, 21st September, 2007 (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 21st September, 2007 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007

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 20th September, 2007.

**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 44th Annual Report together with the audited statements of Accounts for the year ended 31st March, 2007

### 1. FINANCIAL RESULTS :

|   | 2006-2007<br>(Rs.in Lacs) | 2005-2006<br>(Rs.in Lacs) |
|---|---------------------------|---------------------------|
| Profit before Interest, Depreciation & Taxation | 199.56                    | 263.55                    |
| Less : Interest (Net)                           | (7.16)                    | 8.29                      |
| Depreciation & Write Off                        | <u>26.24</u>              | <u>12.71</u>              |
|   | 19.08                     | 21.00                     |
| Provision for Taxation – Current                | 20.00                     | 21.00                     |
| – Deferred                                      | 30.70                     | 89.93                     |
| – Fringe Benefit Tax                            | <u>2.11</u>               | <u>1.95</u>               |
|   | 52.81                     | 112.88                    |
| Less : MAT Credit                               | <u>4.69</u>               | <u>21.00</u>              |
|   | <u>48.12</u>              | <u>91.88</u>              |
| Profit for the year                             | 132.36                    | 150.67                    |
| Tax adjustments of earlier years                | (2.78)                    | -                         |
| Balance carried of the last year                | <u>40.41</u>              | <u>(110.26)</u>           |
| Balance carried to next year                    | <u>169.99</u>             | <u>40.41</u>              |

To conserve the resources for operations, your Directors regret their inability to recommend any dividend for the year ended 31-3-2007.

### 2. OPERATIONS:

Your Directors are pleased to report that during the year your company achieved turnover of Rs. 3234.58 Lacs as against Rs. 3041.01 lacs during the year 2005-06. Profit of the company slightly reduced from Rs. 263.55 Lacs to Rs. 199.56 Lacs during the year. This was because of much needed renovation of factory premises and plant. Further, margins were affected during the year because of increased cost of Raw Materials, Labour and other inputs.

### 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 encouraging.

### 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

### 6. APPLICATION FOR DEREGISTRATION AS RELIEF UNDERTAKING :

As reported last year, the company has wiped out all its past losses and the Net Worth of the Company

# **The Anup Engineering Limited**

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.

**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 Arun P. Sheth, Director of the Company, retires and being eligible, offer him self for re-election.

Shri Shreyas C. Sheth, Director of the Company, retires by rotation and being eligible, offer him self 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 all support and help given by Banks, Government Authorities and other offices during the year.

Ahmedabad.

Date: 28th June, 2007.

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 M/s. The Anup Engineering Ltd. as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Associations of the company for the financial year ended 31st March, 2007. 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 stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the Forms and Returns with Registrar of Companies as per Anexure 'B'.
3. The Company being Public Limited Company the provisions of Section 3 (1) (iii) of the Companies Act, 1956, are not applicable.
4. The Board of Directors duly met five times on 05/05/2006, 22/07/2006, 17/10/2006, 19/01/2007 and 08/03/2007 during the financial year under review in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Register of Members was closed from 12/09/2006 to 14/09/2006 (Both days inclusive) during the Financial year.
6. The Annual General Meeting for the year ended on 31/03/2006 was held on 15/09/2006 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. No extra Ordinary General meeting was held during the financial year.
8. The Company has not advanced any Loans to its Directors or persons or firms or Company referred to under Section 295 of the Act.
9. 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 during the financial year.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government during the financial year.
12. Duly constituted Committee of Directors has approved the issue of duplicate share certificates during the financial year.
13. (i) The company has delivered all the certificates on lodgement thereof for transfer/transmission of securities. There were no allotment of securities during the financial year under review.  
(ii) The Company was not required to deposit any amount in a Seperate Bank Account as no dividend was declared during the financial year under review.  
(iii) The Company was not required to post warrants to any member of the Company as no diividend was declared during the financial year under review.  
(iv) The Company was not required to comply with the provisions of section 205C of the Companies Act, 1956 as there was no amount outstanding for period of seven years to the investors of the company.  
(v) The Company has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Director, alternate Director and Director to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director or Whole time Director or manager during the financial year under review.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company was not required to obtain the approval of Company Law Board, Registrar of Companies, Rgional Director or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in Form No. 24AA to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/any debentures/other securities during the financial year.
20. The Company has not bought back any securities during the financial year.
21. The Company has not issued any preference shares/debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted or renewed deposits including unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company during the financial year is within the borrowing limits of the Company and that necessary resolution as per Section 293(1)(d) of the Act has been passed.
25. The company has not made any loans or advances or give guarantees or provide securities to other bodies corporate and consequently no entires have been made in the Register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to the situation of the Company's registered office from one State to another during the financial year.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year.
28. The company has not altered the provisions of the memorandum with respect to the name of the Company during the financial year.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the company during the financial year.
30. The Company has not altered its Articles of Association during the financial year..

# The Anup Engineering Limited

31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security deposit from its employees during the financial year.
33. The company has deposited both employer's contribution to Provident Fund with prescribed authorities which is within prescribed time limit.

Place : Ahmedabad

Date : 28/06/2007

**Rajesh Parekh & Co.**

Company Secretary

C. P. No. 2939

## ANNEXURE-A

Statutory and other Registers maintained by Company :

- 1) Register of Directors u/s. 303.
- 2) Register of Members. u/s.154.
- 3) Register of Shares Transfers.
- 4) Minutes Book of the Board of Directors Meeting and General Meetings of the Company.
- 5) Register of Directors Shareholdings u/s. 307.
- 6) Register of Contracts u/s. 301.
- 7) Register of Charges u/s. 125.
- 8) Register of Investments.
- 9) Register of Attendance of Board Meeting.
- 10) Register of Attendance of General Meeting.

## ANNEXURE-B

Forms and Return as filed by the Company with the Registrar of Companies, Gujarat during the financial year ended 31/3/2007

| Sr. No. | Form No. Return                              | Filed Under Section                             | For        | Date of Filing | Whether Filed Within Prescribed Time | If Delay in filing whether requisite additional fees paid |
|---------|--|---|------------|----------------|--------------------------------------|---|
| 1.      | Annual Return (Form 20B)                     | 159   | 15/09/2006 | 24/11/2006     | NO                                   | YES   |
| 2.      | Statement in Lieu of Advertisement (Form-62) | Rule 10 of Companies (Acceptance of Rules 1975. | 2006-07    | 24/11/2006     | YES                                  | N.A.  |
| 3.      | Compliance Certificate (Form 62)             | 383A  | 15/09/2006 | 24/11/2006     | NO                                   | YES   |
| 4.      | Balance Sheet                                | 220   | 31/3/2006  | 27/11/2006     | NO                                   | YES   |
| 5.      | DIN-3  | 266   | 17/10/2006 | 16/01/2007     | N.A.                                 |   |
| 6.      | Form-8                                       | 125   | 19/01/2007 | 07-03-2007     | NO                                   | YES   |

**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>2006-2007</u> | <u>2005-2006</u> |
|-----------------------------|------------------|------------------|
| 1. (a) <b>Electricity :</b> |                  |                  |
| Units                       | 8,38,734         | 7,27,274         |
| Total Amount (Rs.)          | 40,59,167        | 36,02,110        |
| Rate/Unit (Rs.)             | 4.85             | 4.95             |
| (b) <b>Own Generation :</b> |                  |                  |
| (Through Diesel Generator)  |                  |                  |
| Units                       | 40296            | 38160            |
| Total Amount (Rs.)          | 5,08,392         | 4,67,832         |
| Rate/Unit (Rs.)             | 12.62            | 12.26            |
| 2. <b>Furnace Oil :</b>     |                  |                  |
| Qty (Liters)                | 114555           | 181985           |
| Cost                        | 22,11,664        | 33,15,798        |
| Rate per                    | 19.31            | 18.22            |

**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 :

|   | <u>2006-2007</u><br>(Rs.in Lacs) | <u>2005-2006</u><br>(Rs.in Lacs) |
|---|----------------------------------|----------------------------------|
| Capital                                       | -                                | -                                |
| Recurring                                     | 10.26                            | 8.81                             |
| Total   | 10.26                            | 8.81                             |
| Total R&D Expenditure as % of Total Turn Over | 0.34                             | 0.39                             |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

Company had imported technology for the manufacture of Industrial Centrifuges from M/s. Krauss Maffei, West Germany and through continuous interaction with R&D, Company has been able to fully absorb and adopt this technology.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The information is given in Notes forming part of the accounts. Members are requested to refer the said notes.



# The Anup Engineering Limited

## REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of The Anup Engineering Limited as at 31st March, 2007 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, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 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, 2007;
  - 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

- 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          |

- 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;
- 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;

## **The Anup Engineering Limited**

- 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 : 28th June, 2007.

# ANNUAL REPORT

## BALANCE SHEET AS AT 31ST MARCH, 2007

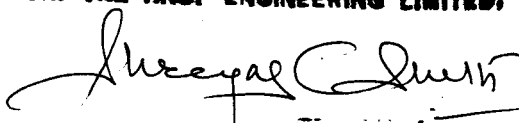
|   | Schedule | Rs.                | 31st March,<br>2007<br>Rs. | 31st March<br>2006<br>Rs. |
|---|----------|--------------------|----------------------------|---------------------------|
| <b>I. SOURCES OF FUNDS:</b>                     |          |                    |                            |                           |
| (1) Shareholders' Funds:                        |          |                    |                            |                           |
| (a) Capital                                     | 1        | 14,000,000         |                            | 14,000,000                |
| (b) Reserves & Surplus                          | 2        | <u>17,201,831</u>  |                            | <u>4,244,076</u>          |
|   |          |                    | 31,201,831                 | 18,244,076                |
| (2) Loan Funds:                                 |          |                    |                            |                           |
| (a) Secured Loans                               | 3        | 45,610,058         |                            | 28,256,772                |
| (b) Unsecured Loans                             | 4        | <u>73,965,391</u>  |                            | <u>65,015,391</u>         |
|   |          |                    | 119,575,449                | 93,272,163                |
| (3) Deferred Tax Liabilities (Net) (See Note 7) |          |                    | <u>1,670,939</u>           | <u>-</u>                  |
|   |          |                    | <u>152,448,219</u>         | <u>111,516,239</u>        |
| <b>II. APPLICATION OF FUNDS:</b>                |          |                    |                            |                           |
| (1) Fixed Assets:                               |          |                    |                            |                           |
| (a) Gross Block                                 |          | 71,753,056         |                            | 52,220,583                |
| (b) Less : Depreciation                         |          | <u>49,100,963</u>  |                            | <u>46,673,784</u>         |
| (c) Net Block                                   | 5        | 22,652,093         |                            | 5,546,799                 |
| (d) Capital Work-in-progress                    |          | <u>1,701,000</u>   |                            | <u>-</u>                  |
|   |          |                    | 24,353,093                 | 5,546,799                 |
| (2) Investments                                 | 6        | -                  | -                          | -                         |
| (3) Deferred Tax Assets (Net) (See Note 7)      |          |                    | -                          | 1,399,813                 |
| (4) Current assets, Loans and Advances :        | 7        |                    |                            |                           |
| (a) Inventories                                 |          | 125,201,034        |                            | 53,912,470                |
| (b) Sundry Debtors                              |          | 83,060,198         |                            | 68,871,172                |
| (c) Cash and Bank Balances                      |          | 5,115,677          |                            | 3,148,312                 |
| (d) Loans and Advances                          |          | <u>20,424,124</u>  |                            | <u>7,043,949</u>          |
|   |          | <u>233,801,033</u> |                            | <u>132,975,903</u>        |
| Less : Current Liabilities and Provisions :     | 8        |                    |                            |                           |
| (a) Liabilities                                 |          | 106,074,928        |                            | 32,158,664                |
| (b) Provisions                                  |          | <u>1,603,846</u>   |                            | <u>2,640,862</u>          |
|   |          | <u>107,678,774</u> |                            | <u>34,799,526</u>         |
| Net Current Assets                              |          |                    | 126,122,259                | 98,176,377                |
| (5) Miscellaneous Expenditure:                  |          |                    |                            |                           |
| (To the extent not written off or adjusted)     |          |                    |                            |                           |
| Deferred Revenue Expenditure                    | 9        |                    | <u>1,972,867</u>           | <u>6,393,250</u>          |
|   |          |                    | <u>152,448,219</u>         | <u>111,516,239</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.  
28th June, 2007

**SAMVEG A. LALBHAI**  
CHAIRMAN

**FOR THE ANUP ENGINEERING LIMITED,**

  
**DIRECTOR.**

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

Ahmedabad.  
28th June, 2007

# The Anup Engineering Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

|  | Schedule          | 2006-2007         | 2005-2006           |
|--|-------------------|-------------------|---------------------|
|  | Rs.               | Rs.               | Rs.                 |
| <b>INCOME:</b>                                 |                   |                   |                     |
| Sales (Including Excise Duty)                  | 352,409,627       |                   | 344,375,137         |
| Fabrication Charges<br>(Including Excise Duty) | <u>7,907,413</u>  |                   | <u>4,788,406</u>    |
|  | 360,317,040       |                   | 349,163,543         |
| Less : Excise Duty                             | <u>38,506,452</u> |                   | <u>47,884,817</u>   |
|  |                   | 321,810,588       | 301,278,726         |
| Job Work Charges                               |                   | 1,647,627         | 2,823,099           |
| Other Income                                   | 10                | <u>1,028,226</u>  | <u>8,295,288</u>    |
|  |                   | 324,486,441       | 312,397,113         |
| Increase/(Decrease) in Stocks                  | 11                | <u>52,283,274</u> | <u>(10,951,888)</u> |
|  |                   | 376,769,715       | 301,445,225         |
| <b>EXPENDITURE:</b>                            |                   |                   |                     |
| Raw Materials Consumed                         | 12                | 236,541,565       | 178,016,147         |
| Manufacturing Expenses                         | 13                | 76,416,033        | 45,116,106          |
| Employees' Emoluments                          | 14                | 15,185,194        | 9,702,158           |
| Interest and Finance Charges                   | 15                | (716,343)         | 829,132             |
| Deferred Revenue Expenditure Written Off       |                   | 4,420,383         | 5,844,779           |
| Other  | 16                | 24,250,311        | 36,411,203          |
| Depreciation & Other Write Offs                | 17                | <u>2,624,097</u>  | <u>1,271,077</u>    |
|  |                   | 358,721,240       | 277,190,602         |
| Profit before Taxation                         |                   | 18,048,475        | 24,254,623          |
| Provision for Taxation :                       |                   |                   |                     |
| Current Tax                                    | 2,000,000         |                   | 2,100,000           |
| Deferred Tax (See Note 7)                      | 3,070,752         |                   | 8,992,958           |
| Fringe Benefit Tax                             | <u>211,000</u>    |                   | <u>195,000</u>      |
|  | 5,281,752         |                   | 11,287,958          |
| Less : MAT Credit Entitlement                  | <u>469,358</u>    |                   | <u>2,100,000</u>    |
|  |                   | <u>4,812,394</u>  | <u>9,187,958</u>    |
| Profit for the year                            |                   | 13,236,081        | 15,066,665          |
| Tax adjustment Previous Year                   |                   | <u>(278,326)</u>  | <u>-</u>            |
|  |                   | 12,957,755        | 15,066,665          |
| As per last Account                            |                   | <u>4,041,081</u>  | <u>(11,025,584)</u> |
| Balance carried to Balance Sheet               |                   | <u>16,998,836</u> | <u>4,041,081</u>    |
| Notes forming part of the Accounts             | 18                |                   |                     |
| (Basic/diluted earning per share)(See Note 9)  |                   | Rs. 92.55         | Rs.107.62           |

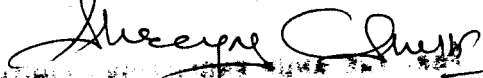
As per our attached report of even date.

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants  
B.R.SHAH  
Partner.  
(Membership No.5806)  
Ahmedabad.  
28th June, 2007

**SAMVEG A. LALBHAI**  
CHAIRMAN

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

**FOR THE ANUP ENGINEERING LIMITED:**



**DIRECTOR.**

Ahmedabad.  
28th June, 2007

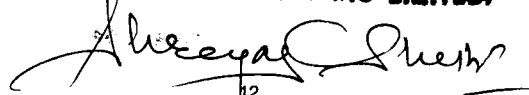
## ANNUAL REPORT

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (Pursuant to listing agreement with stock exchange)

|  | 2006-2007          | 2005-2006        |
|--|--------------------|------------------|
|  | Rs.                | Rs.              |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>             |                    |                  |
| NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS                | 16,028,507         | 24,254,623       |
| Taxation Provision   | -                  | (195,000)        |
| Surplus on Sale of Fixed Assets                            | -                  | (6,000)          |
| Adjustment for Depreciation & Write Offs                   | 2,624,097          | 1,271,077        |
| Interest (Net)   | (716,343)          | 829,132          |
| Prior Period Adjustment                                    | -                  | -                |
|  | <u>1,907,754</u>   | 1,899,209        |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES            | 17,936,261         | 26,153,832       |
| Adjustment for :   |                    |                  |
| Trade & Other Receivables                                  | (27,569,201)       | (27,707,880)     |
| Inventories  | (71,288,564)       | 3,624,571        |
| Trade Payables   | 71,497,783         | (14,041,850)     |
| Deferred Revenue Exps.                                     | <u>4,420,383</u>   | <u>5,844,779</u> |
|  | (22,939,598)       | (32,280,380)     |
| CASH GENERATED FROM OPERATIONS :                           | (5,003,337)        | (6,126,548)      |
| Direct Taxes Paid  | 1,381,465          | -                |
| CASH FLOW BEFORE EXTRA ORDINARY ITEMS                      | (3,621,872)        | (6,126,548)      |
| Extra Ordinary Item  | -                  | -                |
| NET CASH FLOW FROM OPERATING ACTIVITIES                    | (3,621,872)        | (6,126,548)      |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>            |                    |                  |
| Purchase of Fixed Assets                                   | (19,764,627)       | (1,704,407)      |
| Capital Work in Progress                                   | (1,701,000)        | -                |
| Sales of Fixed Assets                                      | 35,235             | 16,719           |
| Interest Received  | <u>(2,154,128)</u> | <u>287,092</u>   |
| NET CASH FLOW FROM INVESTING ACTIVITIES                    | (23,584,520)       | (1,400,596)      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>             |                    |                  |
| Total proceeds from borrowings (Net of repayments)         | 26,303,286         | 9,745,864        |
| Interest Paid  | <u>31,025</u>      | <u>1,116,224</u> |
| NET CASH USED IN FINANCING ACTIVITIES                      | 26,272,261         | 8,629,640        |
| Net Increase/Decrease in Cash & Cash equivalents           | 1,967,365          | 1,102,496        |
| CASH & CASH EQUIVALENTS AS AT 1.4.2006 (OPENING BALANCE)   | 3,148,312          | 2,045,816        |
| CASH & CASH EQUIVALENTS AS AT 31.03.2007 (CLOSING BALANCE) | 5,115,677          | 3,148,312        |

For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants  
B.R.SHAH  
Partner.  
(Membership No.5806)  
Ahmedabad.  
28th June, 2007

SAMVEG A. LALBHAI  
CHAIRMAN  
**FOR THE ANUP ENGINEERING LIMITED**



DIRECTOR.

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

Ahmedabad.  
28th June, 2007

# The Anup Engineering Limited

Schedule 1 to 18 annexed to and forming part of the Balance Sheet as at and Profit & Loss Account for the year ended on 31st March, 2007

|   | 31st March,<br>2007<br>Rs. | 31st March<br>2006<br>Rs. |
|---|----------------------------|---------------------------|
| <b>SCHEDULE '1' : SHARE CAPITAL</b>   |                            |                           |
| <b>AUTHORISED:</b>  |                            |                           |
| 2,50,000 Shares of Rs.100/- each  | <u>25,000,000</u>          | <u>25,000,000</u>         |
| <b>ISSUED:</b>  |                            |                           |
| 1,40,000 Equity Shares of Rs.100/-each  | <u>14,000,000</u>          | <u>14,000,000</u>         |
| <b>SUBSCRIBED:</b>  |                            |                           |
| 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>         |
| <b>TOTAL</b>  | <u>14,000,000</u>          | <u>14,000,000</u>         |
| <b>SCHEDULE '2' : RESERVES &amp; SURPLUS :</b>  |                            |                           |
| CAPITAL RESERVE   | 1,075                      | 1,075                     |
| REVALUATION RESERVE :   |                            |                           |
| SECURITY PREMIUM ACCOUNT  | 1,920                      | 1,920                     |
| GENERAL RESERVE :   |                            |                           |
| As per last Account   | 200,000                    | 200,000                   |
| Surplus as per annexed account  | <u>16,998,836</u>          | <u>4,041,081</u>          |
| <b>TOTAL</b>  | <u>17,201,831</u>          | <u>4,244,076</u>          |

# ANNUAL REPORT

|   | Rs. | 31st March,<br>2007<br>Rs. | 31st March<br>2006<br>Rs. |
|---|-----|----------------------------|---------------------------|
| <b>SCHEDULE '3' : SECURED LOANS :</b>   |     |                            |                           |
| 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   |     | <u>45,610,058</u>          | <u>28,256,772</u>         |
| <b>TOTAL</b>  |     | <u>45,610,058</u>          | <u>28,256,772</u>         |

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| <b>SCHEDULE '4' : UNSECURED LOANS:</b> |  |                   |                   |
| From Joint Stock Companies             |  | <u>73,965,391</u> | <u>65,015,391</u> |
| <b>TOTAL</b>                           |  | <u>73,965,391</u> | <u>65,015,391</u> |

## SCHEDULE '5' : FIXED ASSETS

|                           | GROSS BLOCK(a)     |            |            |                    |                   | DEPRECIATION             |                 |                   | NET BLOCK          |                    |
|---------------------------|--------------------|------------|------------|--------------------|-------------------|--------------------------|-----------------|-------------------|--------------------|--------------------|
| Fixed Assets              | As at<br>31-3-2006 | Additions  | Deductions | As at<br>31-3-2007 | Upto<br>31-3-2006 | Adjustment<br>Adjustment | For the<br>Year | Upto<br>31-3-2007 | As at<br>31-3-2007 | As at<br>31-3-2006 |
| <b>Tangible Assets:</b>   |                    |            |            |                    |                   |                          |                 |                   |                    |                    |
| Land, Leasehold           | 149,497            | —          | 1,195      | 148,302            | —                 | —                        | —               | —                 | 148,302            | 149,497            |
| Buildings                 | 5,464,838          | 6,259,000  | —          | 11,723,838         | 4,961,986         | —                        | 36,073          | 4,998,059         | 6,725,779          | 502,852            |
| Machinery                 | 40,810,634         | 11,012,905 | —          | 51,823,539         | 37,336,542        | —                        | 1,245,528       | 38,582,070        | 13,241,469         | 3,474,092          |
| Electric Installations    | 1,768,003          | —          | —          | 1,768,003          | 1,768,003         | —                        | —               | 1,768,003         | —                  | —                  |
| Tube Well                 | 380,490            | —          | —          | 380,490            | 6,751             | —                        | 6,232           | 12,983            | 367,507            | 373,739            |
| Furniture & Deadstock     | 2,314,180          | 2,492,722  | —          | 4,806,902          | 1,998,381         | —                        | 991,803         | 2,990,184         | 1,816,718          | 315,799            |
| Drawings                  | 100,000            | —          | —          | 100,000            | 100,000           | —                        | —               | 100,000           | —                  | —                  |
| Vehicles                  | 268,775            | —          | 230,959    | 37,816             | 180,732           | 195,723                  | 21,877          | 6,886             | 30,930             | 88,043             |
| <b>Intangible Assets:</b> |                    |            |            |                    |                   |                          |                 |                   |                    |                    |
| Computer Software         | 964,166            | —          | —          | 964,166            | 321,389           | —                        | 321,389         | 642,778           | 321,388            | 642,777            |
| Total Rs.                 | 52,220,583         | 19,764,627 | 232,154    | 71,753,056         | 46,673,784        | 195,723                  | 322,622,902     | 49,100,963        | 22,652,093         | 5,546,799          |
| Previous Year's TotalRs.  | 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          |                    |

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



# The Anup Engineering Limited

|  | Rs.               | 31st March,<br>2007<br>Rs. | 31st March<br>2006<br>Rs. |
|--|-------------------|----------------------------|---------------------------|
| <b>SCHEDULE '6' : INVESTMENTS; AT COST:</b>  |                   |                            |                           |
| <b>In Government and Trust Securities:</b>   |                   |                            |                           |
| 72 6.75% Bonds of Rs.100/- each of<br>Unit Trust of India  |                   |                            |                           |
|  |                   | <u>-</u>                   | <u>-</u>                  |
| <b>TOTAL</b>   |                   | <u>-</u>                   | <u>-</u>                  |
| <b>SCHEDULE '7' : CURRENT ASSETS, LOANS<br/>AND ADVANCES :</b>                                   |                   |                            |                           |
| <b>(a) Inventories:</b>  |                   |                            |                           |
| Stores & Spares, at cost   | 8,189,995         |                            | 5,311,630                 |
| Obsolete & Unserviceable Stores & Spares,<br>at estimated realisable value                       | <u>6,943</u>      |                            | <u>6,943</u>              |
|  |                   | 8,196,938                  | 5,318,573                 |
| Stock-in-Trade : at cost or net realisable<br>value whichever is lower (unless otherwise stated) |                   |                            |                           |
| Raw Materials  | 30,966,052        |                            | 22,236,467                |
| Obsolete & Unserviceable Raw materials,<br>at estimated realisable value                         | <u>24,548</u>     |                            | <u>24,548</u>             |
|  | 30,990,600        |                            | 22,261,015                |
| Work-in-Progress   | 38,762,641        |                            | 24,392,413                |
| Finished Goods   | <u>47,250,855</u> |                            | <u>1,940,469</u>          |
|  |                   | <u>117,004,096</u>         | <u>48,593,897</u>         |
| As per Inventory taken, certified and Valued by the Management                                   |                   | 125,201,034                | 53,912,470                |
| <b>(b) Sundry Debtors, Unsecured:</b>  |                   |                            |                           |
| (i) Outstanding for more than six months, good   | 8,908,971         |                            | 3,470,206                 |
| (ii) Other, Good   | <u>74,151,227</u> |                            | <u>65,400,966</u>         |
|  |                   | 83,060,198                 | 68,871,172                |
| <b>(c) Cash and Bank Balances:</b>   |                   |                            |                           |
| Cash on hand   | <u>91,583</u>     |                            | <u>429,461</u>            |
| Bank Balances:   |                   |                            |                           |
| With Scheduled Banks :   |                   |                            |                           |
| In Current Account   | 1,028,680         |                            | 56,793                    |
| In Margin Deposits   | <u>3,995,414</u>  |                            | <u>2,662,058</u>          |
|  | <u>5,024,094</u>  |                            | <u>2,718,851</u>          |
|  |                   | <u>5,115,677</u>           | <u>3,148,312</u>          |
| Carried Over   |                   | 213,376,909                | 125,931,954               |

|  | Rs.              | 31st March,<br>2007<br>Rs. | 31st March<br>2006<br>Rs. |
|--|------------------|----------------------------|---------------------------|
| <b>Brought Over</b>  |                  | <b>213,376,909</b>         | <b>125,931,954</b>        |
| <b>(d) Loans and Advances, Unsecured, Good:</b>                        |                  |                            |                           |
| Advances recoverable in cash or in kind<br>or for value to be received | 17,831,421       |                            | 3,572,396                 |
| Balance with Customs and<br>Collectorate of Central Excise             | 371,446          |                            | 1,371,553                 |
| MAT Credit Entitlement   | <u>2,221,257</u> |                            | <u>2,100,000</u>          |
|  |                  | <u>20,424,124</u>          | <u>7,043,949</u>          |
| <b>TOTAL</b>   |                  | <b><u>233,801,033</u></b>  | <b><u>132,975,903</u></b> |

**SCHEDULE '8' : CURRENT LIABILITIES AND PROVISIONS :**

|   |                   |                           |                          |
|---|-------------------|---------------------------|--------------------------|
| (a) Liabilities :   |                   |                           |                          |
| Sundry Creditors :  |                   |                           |                          |
| For Goods:  |                   |                           |                          |
| (i) Due to Small Scale Industrial Undertakings<br>(See Note 11) | —                 |                           | 61,989                   |
| (ii) Others   | <u>38,606,718</u> |                           | <u>9,841,886</u>         |
|   | 38,606,718        |                           | 9,903,875                |
| For Expenses  | 9,734,204         |                           | 5,084,103                |
| Others  | <u>18,201,359</u> |                           | <u>2,809,617</u>         |
|   |                   | 66,542,281                | 17,797,595               |
| Advances from Customers   |                   | <u>39,532,647</u>         | <u>14,361,069</u>        |
|   |                   | 106,074,928               | 32,158,664               |
| (b) Provisions :  |                   |                           |                          |
| For Unencashed Leave  | 1,002,022         |                           | 657,573                  |
| Provision for Taxation, Net of Advances                         | <u>601,824</u>    |                           | <u>1,983,289</u>         |
|   |                   | <u>1,603,846</u>          | <u>2,640,862</u>         |
| <b>TOTAL</b>  |                   | <b><u>107,678,774</u></b> | <b><u>34,799,526</u></b> |

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

|   |  |                         |                         |
|---|--|-------------------------|-------------------------|
| Deferred Revenue Expenditure              |  |                         |                         |
| Payment under Voluntary Retirement Scheme |  | 1,972,867               | 6,291,027               |
| Payment of Staff Gratuity under V.R.S.    |  | —                       | <u>102,223</u>          |
| <b>TOTAL</b>                              |  | <b><u>1,972,867</u></b> | <b><u>6,393,250</u></b> |

# The Anup Engineering Limited

|   | Rs. | 2006-2007<br>Rs. | 2005-2006<br>Rs. |
|---|-----|------------------|------------------|
| <b>SCHEDULE '10' : OTHER INCOME:</b>      |     |                  |                  |
| Sales Tax Refunds                         |     | 46,524           | 710,109          |
| Miscellaneous Income                      |     | 962,243          | 1,269,047        |
| Surplus on Sale of Fixed Assets           |     | —                | 6,000            |
| Sundry Credit Balances appropriated       |     | 19,459           | 278,058          |
| Provision for Doubtful Debts written back |     | —                | 5,454,455        |
| Provisions no longer required             |     | —                | 577,619          |
| <b>TOTAL</b>                              |     | <u>1,028,226</u> | <u>8,295,288</u> |

## SCHEDULE '11' : INCREASE/DECREASE IN STOCKS:

|   |                   |                   |                     |
|---|-------------------|-------------------|---------------------|
| Stocks at Close:                                |                   |                   |                     |
| Work-in-Progress                                | 38,762,641        |                   | 24,392,413          |
| Finished Goods                                  | <u>47,250,855</u> |                   | <u>1,940,469</u>    |
|   |                   | 86,013,496        | <u>26,332,882</u>   |
| Less : Stocks at Commencement:                  |                   |                   |                     |
| Work-in-Progress                                | 24,392,413        |                   | 35,407,991          |
| Finished Goods                                  | <u>1,940,469</u>  |                   | <u>1,834,673</u>    |
|   |                   | 26,332,882        | 37,242,664          |
| Excuse Duty variations on Opening/Closing Stock |                   | <u>7,397,340</u>  | <u>42,106</u>       |
| (Decrease)/Increase                             | <b>TOTAL</b>      | <u>52,283,274</u> | <u>(10,951,888)</u> |

## SCHEDULE '12' : MATERIALS:

|                                    |  |                    |                    |
|------------------------------------|--|--------------------|--------------------|
| Raw Materials Consumed:            |  |                    |                    |
| Stocks at Commencement             |  | 22,261,015         | 14,795,029         |
| Purchases                          |  | <u>245,489,850</u> | <u>185,482,133</u> |
|                                    |  | 267,750,865        | 200,277,162        |
| Less : Stocks at Close             |  | 30,990,600         | 22,261,015         |
| Less : Vat Credit on Opening Stock |  | <u>218,700</u>     | <u>—</u>           |
| <b>TOTAL</b>                       |  | <u>236,541,565</u> | <u>178,016,147</u> |

## SCHEDULE '13' : MANUFACTURING EXPENSES:

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Stores Consumed   | 10,104,718        | 8,310,168         |
| Power & Fuel      | 7,126,982         | 7,385,740         |
| Job Work Charges  | 45,483,051        | 24,203,982        |
| Building Repairs  | 7,712,614         | 1,397,037         |
| Machinery Repairs | <u>5,988,668</u>  | <u>3,819,179</u>  |
| <b>TOTAL</b>      | <u>76,416,033</u> | <u>45,116,106</u> |

## SCHEDULE '14' : EMPLOYEES' EMOLUMENTS:

|   |                   |                  |
|---|-------------------|------------------|
| Salaries, Wages, Bonus etc.             | 13,247,837        | 8,299,869        |
| Contribution to Provident & Other Funds | 1,735,723         | 1,176,814        |
| Welfare Expenses                        | 171,769           | 183,872          |
| Provident Fund Expenses                 | <u>29,865</u>     | <u>41,603</u>    |
| <b>TOTAL</b>                            | <u>15,185,194</u> | <u>9,702,158</u> |

|  | Rs.              | 2006-2007<br>Rs. | 2005-2006<br>Rs. |
|--|------------------|------------------|------------------|
| <b>SCHEDULE '15' : INTEREST AND FINANCE CHARGES: (NET)</b>                                   |                  |                  |                  |
| Interest :   |                  |                  |                  |
| On Fixed Loans   | —                |                  | 69,278           |
| Other  | <u>2,932,521</u> |                  | <u>1,046,946</u> |
|  |                  | 2,932,521        | 1,116,224        |
| Less Remission in interest charged by Bank in earlier years                                  |                  | 2,901,496        | —                |
| Less : Interest Received (Gross, Tax deducted Rs.109,385/-, Previous Year Rs.42,941/-) Other |                  | <u>747,368</u>   | <u>287,092</u>   |
| <b>TOTAL</b>   |                  | <u>(716,343)</u> | <u>829,132</u>   |

**SCHEDULE '16' : OTHER EXPENDITURE:**

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| Rent                                   |  | 7,610             | 7,610             |
| Rates & Taxes                          |  | 485,275           | 809,744           |
| Insurance                              |  | 229,368           | 217,319           |
| Other Repairs                          |  | 2,816,011         | 740,492           |
| Freight, Octroi etc.                   |  | 475,729           | 688,671           |
| Selling Commission                     |  | 3,085,940         | —                 |
| Auditor's Remuneration                 |  | 111,950           | 106,211           |
| Legal & Professional Fees              |  | 2,811,738         | 1,348,252         |
| Retainer Fees                          |  | 1,924,631         | 1,312,600         |
| Directors' Fees                        |  | 57,500            | 40,000            |
| Travelling Expenses                    |  | 2,844,697         | 1,678,940         |
| Bank Charges                           |  | 2,131,560         | 2,860,996         |
| Miscellaneous Expenses                 |  | 4,750,086         | 3,812,646         |
| Service Line Connection Charges        |  | 293,199           | —                 |
| Loss on Sale of Fixed Assets           |  | 10,236            | 9,568             |
| Late Delivery Charges                  |  | 308,494           | 11,928,317        |
| Inspection Charges                     |  | 1,881,061         | 3,499,295         |
| Bad Debts                              |  | —                 | 5,454,455         |
| Goods in Bonded Ware House Written Off |  | —                 | 1,096,087         |
| Sundry Debit Balance Written Off       |  | <u>25,226</u>     | <u>800,000</u>    |
| <b>TOTAL</b>                           |  | <u>24,250,311</u> | <u>36,411,203</u> |

**SCHEDULE '17' : DEPRECIATION AND OTHER WRITE OFFS:**

|   |  |                  |                  |
|---|--|------------------|------------------|
| Amount Written Off against leasehold land |  | 1,195            | 1,195            |
| Depreciation                              |  | <u>2,622,902</u> | <u>1,269,882</u> |
| <b>TOTAL</b>                              |  | <u>2,624,097</u> | <u>1,271,077</u> |

# The Anup Engineering Limited

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

|  | 2006-2007<br><u>Rs.</u> | 2005-2006<br><u>Rs.</u> |
|--|-------------------------|-------------------------|
| <b>1 Contingent Liabilities not provided for in respect of :</b>   |                         |                         |
| (a) Bills and cheques discounted   | 6,960,645               | —                       |
| Since Realised   | 6,960,645               | —                       |
| (b) Claims against the Company not acknowledged as Debts   | 525,545                 | 525,545                 |
| (c) Income Tax matter under Appeal   | —                       | 383,350                 |
| (d) Excise matter under appeal   | 169,538                 | 169,538                 |
| <b>1A Estimated amount of Contracts remaining to be executed on Capital account and not provided for</b>   | —                       | 258,798                 |
| <b>2 Payment to Auditors:</b>  |                         |                         |
| i. As Auditors   | 80,000                  | 80,000                  |
| ii. In other capacity :  |                         |                         |
| For Tax Audit  | 20,000                  | 16,194                  |
| For Certificate  | 11,000                  | 9,306                   |
| iii. For Expenses  | <u>950</u>              | <u>711</u>              |
|  | <u>*111,950</u>         | <u>106,211</u>          |
| * Excluding service tax  |                         |                         |
| <b>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.</b> | 62,722,000              | 57,847,921              |

## 4 Raw Materials Consumption and Imported and Indigenous Consumption :

### (a) Raw Materials Consumption :

|                       | <u>2006-2007</u>     |                    | <u>2005-2006</u>       |                    |
|-----------------------|----------------------|--------------------|------------------------|--------------------|
|                       | <u>Qty.</u>          | <u>Rs.</u>         | <u>Qty.</u>            | <u>Rs.</u>         |
| Metal Sheets & Plates | 1871 MT.<br>75 Nos.) | 101,182,570        | 2146 MT.)<br>101 Nos.) | 94,311,028         |
| Metal Pipes & Tubes   | 257759 Mtrs.         | 41,778,664         | 80213 Mtrs.            | 21,320,975         |
| Structural Materials  | 207 MT.<br>83 Nos.)  | 11,920,113         | 57 MT.)<br>18 Nos.)    | 3,449,581          |
| Welding Electrodes    | 8 MT.<br>949272 Nos. | 9,385,493          | 20 MT.<br>484282 Nos.) | 5,559,568          |
| Components            |                      | <u>72,274,725</u>  |                        | <u>53,374,995</u>  |
| <b>TOTAL</b>          |                      | <u>236,541,565</u> |                        | <u>178,016,147</u> |

### (b) Imported & Indigenous Raw Materials Consumption :

|              | <u>2006-2007</u>   |                   | <u>2005-2006</u>   |                   |
|--------------|--------------------|-------------------|--------------------|-------------------|
|              | <u>Rs.</u>         | <u>Percentage</u> | <u>Rs.</u>         | <u>Percentage</u> |
| Imported     | 17,083,972         | 7.22%             | 16,311,759         | 9.16%             |
| Indigenous   | <u>219,457,593</u> | <u>92.78%</u>     | <u>161,704,388</u> | <u>90.84%</u>     |
| <b>TOTAL</b> | <u>236,541,565</u> | <u>100.00%</u>    | <u>178,016,147</u> | <u>100.00%</u>    |

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

## 5. Licensed &amp; Installed Capacity, Production, Stocks &amp; Turnover:

(a) Licensed &amp; Installed Capacity &amp; Production:

| CLASS OF GOODS                            | LICENSED CAPACITY |                | *INSTALLED CAPACITY |             | PRODUCTION (INCL.LABOUR JOBS) |             |
|---|-------------------|----------------|---------------------|-------------|-------------------------------|-------------|
|   | 2006-2007         | 2005-2006      | 2006-2007           | 2005-2006   | 2006-2007                     | 2005-2006   |
| Chemical & Pharmaceutical Machinery       | 1900<br>MT.       | 1900<br>MT.    | 1900<br>MT.         | 1900<br>MT. | 2176<br>MT.                   | 1133<br>MT. |
| Industrial Centrifuges                    | 100<br>Nos.       | 100<br>Nos.    | 100<br>Nos.         | 100<br>Nos. | 8<br>Nos.                     | 14<br>Nos.  |
| **Dairy Machinery & Equipments            | Rs.125<br>Lacs    | Rs.125<br>Lacs |                     |             |                               |             |
| Expansion Joints & Bellows                | 130<br>MT.        | 130<br>MT.     | 130<br>MT.          | 130<br>MT.  | 1<br>MT.                      | 1<br>MT.    |
| **Soda Ash Plant Equipments & Components  | Rs.100<br>Lacs    | Rs.100<br>Lacs |                     |             |                               |             |
| Textile Machinery (including accessories) | 25<br>Nos.        | 25<br>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 &amp; Turnover :

| CLASS OF GOODS                       |           | STOCKS AT COMMENCEMENT |                  | STOCKS AT CLOSE |                   | TURNOVER |                    |
|--------------------------------------|-----------|------------------------|------------------|-----------------|-------------------|----------|--------------------|
|                                      |           | Nos.                   | Rs.              | Nos.            | Rs.               | Nos.     | Rs.                |
| Chemical & Pharmaceutical Machinery  | 2006-2007 | 9                      | 1,534,252        | 27              | 37,915,447        | 1295     | 320,520,247        |
|                                      | 2005-2006 | 3                      | 14,28,456        | 9               | 1,534,252         | 2,578    | 287,769,561        |
| Industrial Centrifuges               | 2006-2007 | 1                      | 399,273          | 8               | 9,328,464         | 8        | 25,185,976         |
|                                      | 2005-2006 | 1                      | 399,273          | 1               | 399,273           | 14       | 52,010,391         |
| *Dairy Machinery & Equipments        | 2006-2007 |                        | —                |                 | —                 |          | —                  |
|                                      | 2005-2006 |                        | —                |                 | —                 |          | —                  |
| Expansion Joints & Bellows           | 2006-2007 | 1                      | 6,944            | 1               | 6,944             | 12       | 291,062            |
|                                      | 2005-2006 | 1                      | 6,944            | 1               | 6,944             | 10       | 297,430            |
| *Soda Ash Plant, Equip. & Components | 2006-2007 |                        | —                |                 | —                 |          | —                  |
|                                      | 2005-2006 |                        | —                |                 | —                 |          | —                  |
| Other.                               | 2006-2007 |                        | —                |                 | —                 |          | 6,412,342          |
|                                      | 2005-2006 |                        | —                |                 | —                 |          | 4,297,755          |
| TOTAL                                | 2006-2007 |                        | <u>1,940,469</u> |                 | <u>47,250,855</u> |          | <u>352,409,627</u> |
|                                      | 2005-2006 |                        | <u>1,834,673</u> |                 | <u>1,940,469</u>  |          | <u>344,375,137</u> |

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

# The Anup Engineering Limited

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

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

|                                     | 2006-2007   | 2005-2006   |
|-------------------------------------|-------------|-------------|
|                                     | Rs.         | Rs.         |
| (a) C.I.F. Value of Imports :       |             |             |
| Raw Materials                       | 1,22,01,560 | 1,56,50,931 |
| Capital Goods                       | 8,86,926    | —           |
| (b) Expenditure in Foreign Currency |             |             |
| Other Matters                       | 8,41,673    | 3,93,475    |
| (c) Earning in Foreign Currency     |             |             |
| F.O.B. Value of Exports             | —           | 56,838      |

### 7. 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<br>as on<br>31.03.2006<br>(Rs.) | Charge/<br>Credit for<br>the year<br>(Rs.) | As on<br>31.03.2007<br>(Rs.) |
|--|---|--|------------------------------|
| Deferred Tax Liability on account of :         |   |  |                              |
| i. Depreciation                                | 960,283                                     | 575,745                                    | 1,536,028                    |
| ii. Deferred Revenue                           | <u>2,037,402</u>                            | <u>(1,453,486)</u>                         | <u>583,916</u>               |
|  | <u>2,997,685</u>                            | <u>(877,741)</u>                           | <u>2,119,944</u>             |
| Deferred Tax Asset on account:                 |   |  |                              |
| i. Expenses allowable to tax purpose when paid | 333,063                                     | (115,942)                                  | 449,005                      |
| ii. Carry forward of losses                    | <u>4,064,435</u>                            | <u>4,064,435</u>                           | <u>—</u>                     |
|  | <u>4,397,498</u>                            | <u>3,948,493</u>                           | <u>449,005</u>               |
| Net deferred tax Liability/ (Assets)           | <u>1,399,813</u>                            | <u>3,070,752</u>                           | <u>1,670,939</u>             |

### 8. 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.

### 9. EARNING PER SHARE :

|   | 31-03-2007  | 31-03-2006  |
|---|-------------|-------------|
|   | Rs.         | Rs.         |
| Profit for the year attributable to the Equity Shareholders                   | 1,29,57,755 | 1,50,66,665 |
| Basic/Weighted average number of<br>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. 92.55   | Rs. 107.62  |

## ANNUAL REPORT

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

#### 10. 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) There are no parties under Small Scale Industrial Undertaking in whose account any amount was outstanding for more than 30 days.
- (c) The Company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the end of the year together with interest paid or payable as required under the said act has not been given.
11. 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.
12. The Company has one business Segment - 'Engineering'
13. Significant Accounting Policies followed by the Company are as stated in the Statement annexed to this Schedule as Annexure-I.
14. Information required in terms of Part-IV of Schedule-VI to the Company's Act, 1956 is attached.
15. Previous year's figures have been regrouped and recast wherever necessary.

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

As per our attached report of even date.

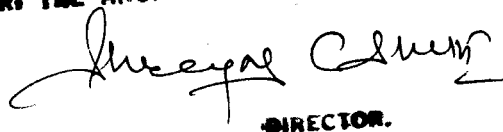
For and on behalf of  
**DALAL & SHAH**  
Chartered Accountants  
B.R.SHAH  
Partner.  
(Membership No.5806)  
Ahmedabad.  
28th June, 2007

**SAMVEG A. LALBHAI**  
CHAIRMAN

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

Ahmedabad.  
28th June, 2007

**FOR THE ANUP ENGINEERING LIMITED.**

  
**DIRECTOR.**



# **The Anup Engineering Limited**

**ANNEXURE-I REFERRED TO IN NOTE 13 IN SECHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007.**

## **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.

**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.

**INFORMATION REFERRED TO IN NOTE 14 IN SCHEDULE 18 TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007**

**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

31.03.2007

**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

1524.48

1524.48

**Sources of Funds:**

Paid-up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liabilities (Net)

140.00

172.02

456.10

739.65

16.71

**Application of Funds:**

Net fixed Assets

Investments

Net Current Assets

Misc.Expenditure

Accumulated Losses

243.53

0.00

1261.22

19.73

—

**IV. Performance of Company**

Turnover (Incl.other income)

Total Expenditure

Profit before Tax

Profit after Tax

Earning Per Share in Rs.

Dividend Rate %

3244.86

3064.38

180.48

129.58

92.55

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

Book - Post

To,

*If Undelivered please return to :*  
**THE ANUP ENGINEERING LIMITED**  
Behind 66 KV Elec. Sub-Station,  
Odhav Road, Ahmedabad-382 415