

SEVENTEENTH ANNUAL REPORT 2004-2005



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MINAL

ENGINEERING LIMITED

214/A, PARADISE COMPLEX, SAYAJIGUNJ, VADODARA -390005, GUJARAT

MINAL ENGINEERING LIMITED**BOARD OF DIRECTORS**

Mr. J. B. Parikh
Chairman

Mr. Shrikant J. Parikh
Managing Director

Mr. J.V. Joshi Director
Mr. Amul J. Patel Director
Mr. Vikram J. Parikh Director
Mr. Malay Karbhari Additional Director
Mr. Kamlesh Khandhor Additional Director

REGISTERED OFFICE

214/A, Paradise Complex, Sayajigunj, Baroda- 390 005

AUDITORS

M/s Chandrakant & Sevantilal & J.K. Shah & Company,
Chartered Accountants,
301, Lalita Tower, 3rd Floor, Near Hotel Rajpath,
Bh. Rly. Station- Akota Road, Vadodara- 390 007

BANKERS

Corporation Bank, Alkapuri, Vadodara

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The Seventeenth Annual General Meeting of the company will be held on Monday, 8th August, 2005 at 11.30 a.m. at 508, Sterling Centre, R.C. Dutt Road, Alkapuri, Vadodara - 390 005.



NOTICE AND EXPLANATORY STATEMENT

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held Monday, the 8th day of August, 2005 at 11.30 A.M. at 508, Sterling Centre, R.C. Dutt Road, Alkapuri, Vadodara - 390 005, Gujarat to transact the following businesses:

ORDINARY BUSINESS:

- 1) To consider, approve and adopt the Balance sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Report there on.
- 2) To appoint a director in place of Mr. J. V. Joshi, who retires by rotation at the ensuing Annual General Meeting of the company and being eligible, offers himself for reappointment.
- 3) To appoint a director in place of Mr. Amul J. Patel, who retires by rotation at the ensuing Annual General Meeting of the company and being eligible, offers himself for reappointment.
- 4) To declare dividend on Equity Shares for the year ended 31st March, 2005.
- 5) To consider and if thought fit pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that M/s Chandrakant & Sevantilal & J.K. Shah & Company, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by mutual consent of board of directors and the Auditors."

SPECIAL BUSINESS:

- 6) Appointment of Mr. Malay Karbhari as Director of the company:
To consider and if thought fit pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED that, Mr. Malay Karbhari who was appointed as an additional director of the company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of The Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation".
"FURTHER RESOLVED that the Board of Directors be and are hereby authorised to take all such steps as may be necessary proper or expedient to give effect to this resolution."
- 7) Appointment of Mr. Kamlesh Khandor as Director of the company:
To consider and if thought fit pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED that, Mr. Kamlesh Khandor who was appointed as an additional director of the company and who holds office upto the date of this Annual General Meeting pursuant to Section 260 of The Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation".
"FURTHER RESOLVED that the Board of Directors be and are hereby authorised to take all such steps as may be necessary proper or expedient to give effect to this resolution."
- 8) Re-issue of forfeited equity shares:
To consider and if thought fit pass with or without modifications, the following resolution as a Special Resolution:
"RESOLVED that, pursuant to the various sections and provisions of the Companies Act, 1956 and subject to provisions of Article of Association of the company and the Listing Agreement entered into with the Stock Exchanges where securities of the company is listed and other approvals or consent, if required, of any other appropriate authority and subject to such terms, conditions or modifications, if any, as may be prescribed by Stock Exchanges or any other appropriate authority, consent of the company, is hereby accorded to the board of directors of the company to reissue 22,58,000 (Twenty Two Lacs Fifty Eight

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Thousand Only) equity shares of Rs. 10/- each which were forfeited on 5th May, 1998, at a price of Rs. 21/- per share.

FURTHER RESOLVED that board of Director of the Company are hereby authorised to issue and allot the shares subject to Memorandum and Article of Association of the company and such shares will rank pari passu to the existing equity shares of the company.

FURTHER RESOLVED that Board is hereby authorised on behalf of the company to accept any modifications as may be required but subject to such conditions as may be imposed by Stock Exchanges or any appropriate authority."

FURTHER RESOLVED that, for the purpose of giving effect to the above resolution board of directors of the company be and is hereby authorised do and perform all such acts and deeds, matters and things as it may, in its absolute discretion, deem necessary or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the re-issue, allotment of the securities and listing thereof with the Stock Exchanges and utilizing the issue proceeds of the shares, as it may, in its absolute discretion, deem fit and proper, without being required to seek any further consent or approval of the members or otherwise to the end and intend that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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 OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.(FORM ATTACHED HERewith)
2. Members are requested to notify immediately their change of address, transfer, transmission deeds and such other correspondence to the Registrar and Transfer Agent MCS Limited, at Neelam Apartment, 88, Sampatrao Colony, Vadodara 390 005.
3. The Register of Members and Share Transfer books of the Company will be closed from 30th July, 2005 to 8th August, 2005. (both days inclusive).
4. Members/Proxies should bring the Attendance Slips duly filled in for attending the meeting.
5. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
6. **Members desirous of seeking any information/clarification on the accounts or operations of the company is requested to forward his/ her query to the Registered Office so as to reach at least seven working prior to the meeting, so the required information can be made available at the meeting.**
7. Members, who hold shares in dematerialized form are requested to bring their depository account number (Client ID No.) for easy identification and recording of attendance at the meeting.
8. Relevancy of question and the order of speaking at the meeting will be decided by the chairman.
9. Members who wish to make nomination for the shares held in the Company may kindly send the details in the form 2B as prescribed under the Companies Act, 1956.

EXPLANATORY STATEMENTS:

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special business specified in item No. 6 to 8 set out above are hereunder. The document referred to in the Resolution(s) and in the Explanatory Statement pertaining to the items of Special Business are available for inspection at the Registered Office of the company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.



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ITEM NO. 6

Mr. Malay Karbhari, is a Commerce Graduate and holding degrees of D.T.P. & LL.B. The board has appointed him as an Additional Director w.e.f. 7th June, 2005. He does not hold the post of director in any other Company. As per applicable provision of Section 260 of The Companies Act, 1956 he holds office up to the date of Annual General Meeting. In view of his qualification and vast experience, it is thought fit to appoint him as director of the company, liable to retire by rotation.

None of the directors other than Mr. Malay Karbhari is interested either directly or indirectly in the resolution.

Your directors recommend the resolution set out at item no. 6 for the approval of the members.

ITEM NO. 7

Mr. Kamlesh Kandhor, is a Chartered Accountant. He does not hold the post of director in any other Company. The board has appointed him as an Additional Director w.e.f. 7th June, 2005. As per applicable provision of Section 260 of The Companies Act, 1956 he holds office up to the date of Annual General Meeting. In view of his qualification and vast experience, it is thought fit to appoint him as director of the company liable to retire by rotation.

None of the directors other than Mr. Kamlesh Khandhor is interested either directly or indirectly in the resolution.

Your directors recommend the resolution set out at item no. 7 for the approval of the members.

ITEM NO. 8

With the diversification in the business of diamond studded Jewelry and becoming partner in C.Mahendra infojewels and to strengthen the equity base of the company, it is desirable to reissue the forfeited equity shares. The company has forfeited its 22, 58,000 equity shares of Rs. 10/- each on 5th May, 1998, now the shares have been reissued to the person whether they are members of the company or not. With the reissue, the company's paid up capital would be restored to the original level.

The board of directors considers that the reissue of equity shares would be immense benefit to the company and given their consent by passing a resolution in the meeting held on 6th June, 2005.

Since the matter involves issue and allotment of equity shares to non members, the approval of members is required by means of special resolution pursuant to Companies Act, 1956 and Listing Agreement entered with the Stock Exchanges and Article of Association of the company.

The issue has been priced at Rs.21/- per share on the basis as prescribed under the guidelines for Preferential Issues contained in Clause 13.1.1.1(i) of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines,2000 as per the requirement of the Stock Exchange, Mumbai. The amount payable on allotment is Rs.21/- per share, i.e. the whole amount is payable on the acceptance of offer itself. The said equity shares shall rank pari passu in all respect with the existing equity shares of the company.

None of the directors are concerned or interested in the said resolution.

The directors recommend the resolution set out at item no. 8 for the approval of the members.

BY ORDER OF BOARD
For Minal Engineering Limited

Place: Vadodara
Date: 30-6-2005

J. B. Parikh
CHAIRMAN

MINAL ENGINEERING LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited Financial Statement along with the Report of the Auditors for the year ended on 31st March 2005.

➤ **Financial Results and Profitability :**

FINANCIAL RESULTS	2004-2005 (Rs. in Lacs)	2003-2004
Total Income	447.36	33.57
Total Expenditure	23.98	30.24
Profit before Depreciation & Tax	423.39	7.12
Less: Depreciation	4.23	3.79
Profit before tax	419.16	3.33
Provision for tax	0.33	1.56
Profit after Tax	418.83	1.77
Profit bought forward	30.64	28.87
Profit available for appropriation	449.46	30.64
Appropriations :		
Dividend	26.54	0.00
Dividend Tax	3.72	0.00
Transfer to General Reserve	31.41	0.00
Balance Carried forward	387.79	30.64
Paid up Equity Share Capital	132.71	132.71
Share Forfeited Account	75.53	75.53
Reserves and Surplus	435.21	46.65

➤ **Operation**

Your directors take pleasure in reporting that the company has achieved a turnover of Rs. 447.36 Lacs as against Rs. 33.57 Lacs in the previous year. The company has earned a gross profit of Rs. 424.54 Lacs before depreciation and interest as against Rs. 7.73 Lacs in the previous year. After deducting Rs. 1.15 Lacs towards interest, providing a sum of Rs. 4.23 Lacs towards depreciation, income tax provision of Rs. 0.40 Lacs and after adjusting a sum of Rs. 0.07 Lacs towards deferred tax, the operation resulted in net profit of Rs. 418.83 Lacs as against Rs. 1.77 Lacs in the previous year.

The steep growth in the total turnover is due to entry of Company in Jewelry Business, as the company is partner of M/s. C. Mahendra Infojewels, which resulted income of Rs. 417.88 Lacs during the year.

➤ **Amount proposed to be carried to reserves:**

The company has made net profit of Rs. 418.83 Lacs during the year and out of which Rs. 31,41,000/- is proposed to be carried to reserves.

➤ **Dividend**

Your Directors take pleasure in recommending dividend @ 20% on Equity Share Capital for the approval of the members. The said dividend, if approved, at the Seventeenth Annual General Meeting by the members, will be paid to those shareholders whose names appear in the register of members as on 8th August, 2005 and also to those whose names as beneficial owners are furnished by National Securities Depositories Limited and Central Depositories Services (India) Limited.



➤ **Material changes and commitments:**

The company has joined as a partner of a firm M/s C. Mahendra Infojewels, a unit of manufacturing diamond studded jewelry.

➤ **Conservation of energy, technology adsorptions and foreign exchange earnings and outgo:**

In accordance with the provisions of Section 217(1) (e) of The Companies Act, 1956, read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are as per annexure to the report.

➤ **Deposits:**

The company has neither accepted nor renewed any Public Deposits but the company has accepted deposits by private placements, complying with the Section 58A of the Companies Act, 1956.

➤ **Directors :**

The board appointed two Additional directors of the company in the board meeting dated 6th June, 2005, viz.:

Mr. Malay Karbhari

Mr. Kamlesh Khandor

The Additional Directors appointed by the board, to be appointed as Directors liable to retire by rotation in the Annual General Meeting of the company subject to approval of shareholders.

Mr. J. V. Joshi and Mr. Amul Patel, Directors of the company will retire by rotation in the Annual General Meeting, being eligible offer themselves for reappointment.

➤ **Reissue of forfeited shares:**

The company proposes to re issue forfeited equity shares and board has passed a resolution to this effect in its meeting dated 6th June, 2005. The company has forfeited these 22, 58,000 equity shares of Rs. 10/- each on 5th May, 1998, now the shares will be reissued at a price of Rs 21/- per share to the person whether they are members of the company or not, after passing a special resolution in the Seventeenth Annual General Meeting.

➤ **Auditors:**

The Statutory Auditors of the Company M/s Chandrakant & Seventilal & J. K. Shah & Company, Chartered Accountants are retiring at conclusion of this Annual General Meeting, being eligible they offers themselves for reappointment. The Auditors have confirmed that, if appointed, their appointment will be within the limits as laid down under section 224(1B) of the Companies Act, 1956.

Notes forming part of the accounts, which are specifically referred to by the Auditors in their Report are self explanatory and therefore do not call for any further comments.

➤ **Employee Particulars:**

There are no employees covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and hence no information is required to be furnished.

➤ **Director's Responsibility Statement:**

Pursuant to Section 217(2AA) of The Companies Act, 1956, the directors confirm that, to the best to their knowledge and belief:

- (i) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimated that 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 and loss of the company for the period.
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and

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for preventing the detecting fraud and other irregularities;

(iv) that the directors had prepared the annual accounts on a going concern basis.

➤ **Management Discussion and Analysis Report:**

The company is into engineering industry, there is no specific or material change in the industry for the product in the last year. The main product of the company is Braille Typewriter. With increased competition and due to technological changes there is pressure on profit margins. The company has only one segment of engineering. The company has adequate internal control system to ensure that all assets are safeguarded and are productive. The internal control system is reviewed periodically.

With regard to financial performance in respect to operations is that the company has income from operations of engineering business Rs. 18.98 Lacs and the company has joined as partner with M/s C. Mahendra Infojewels, a unit of manufacturing diamond studded jewelry and in the year the company got Rs. 417.88 Lacs from this business. The company has also earned other incomes of Rs. 10.50 Lacs. Net profit of the company stood at Rs. 418.83 Lacs. For the year under review the board has recommended a dividend of 20%. There has been a significant increase in Earning per share from Rs. 0.13 to Rs. 31.56 for the year under review.

There was no material development in Human Resources/ Industrial Relations front, the relations with the employees remained cordial throughout the year.

➤ **Report on Corporate Governance and Auditor's Certificate:**

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges form part of Annual Report.

➤ **Clarification to Qualification in Auditor's Report:**

Notes forming part of the account, which are specifically referred to, by the Auditors in their report are self explanatory and therefore do not call for any further comments.

Directors would like to thank the shareholders, customers, dealers, suppliers, bankers and all other business associates for the continued support given by them to the Company and their confidence in its management.

**For and on behalf of the Board of Directors
of Minal Engineering Limited**

Place: Vadodara

Date : 1-7-2005

**Sd /-
J. B. Parikh
Chairman**

**Sd/-
Vikram Parikh
Director**



REPORT ON CORPORATE GOVERNANCE

In compliance with the Clause 49 of the Listing Agreement entered with Stock Exchanges, the company herewith submits the report on the matters as mentioned in the said clause and practices followed by the company.

The company's philosophy on good corporate governance envisages a combination of business practices that result in enhancement of the value of the company to the shareholders and to fulfill its obligation to its other stakeholders.

MANDATORY REQUIREMENTS :

I. Board of Directors :

(A) Composition of Board:

The board of the company comprise of 7 directors out of them one director Mr. Shrikant Parikh, Managing Director is executive director and all the other directors are non- executive directors of the company. Out of the non executive directors four directors are independent directors. The Directors bring in wide range of expertise and experience to the Board, facilitating proficient and unbiased direction and control to the Company.

The composition of board is as under:

Directors	No. of Board Meetings held	Board Meetings attended	No. of directorships held in other companies	Prsence in Last AGM
<u>Executive Director:</u> Mr. Shrikant Parikh, Managing Director	6	4	1	NO
<u>Non- Executive Directors:</u> Mr. J. B. Parikh, Chairman	6	6	NIL	YES
Mr. Vikram J. Parikh, Director	6*	6	NIL	YES
Mr. Amul J. Patel, Director	6	6	NIL	YES
Mr. J.V. Joshi, Director	6	6	NIL	YES
Mr. Malay Karbhari, Additional Director*	6	0*	NIL	NO*
Mr. Kamlesh Khandor, Additional Director*	6	0*	NIL	NO*

* Mr. Malay Karbhari and Mr. Kamlesh Khandor were appointed as directors in board meeting dated 6th June, 2005 therefore they have not attended preceding board or shareholder's meetings.

(B) Board and Committees:

During the year 2004-05, the Board of Directors met on 6 occasions on the following dates:

10/05/2004	30/06/2004	31/07/2004	1/09/2004	30/10/2004	31/01/2005	07/02/2005

The Board has constituted three committees as under:-

Audit Committee:

Composition:

The company has a qualified and independent audit committee comprising of:

- Mr. J.V.Joshi, Independent Director
- Mr. Amul J. Patel, Independent Director
- Mr. J.B. Parikh

Meetings

All the members of the committee are financially literate and the independent directors are having expertise in accounting and financial management. The constitution of the committee also meets with the requirement under Section 292A of The Companies Act, 1956. The Audit Committee has met four times during the financial

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year to review the accounting practices including review internal control/ audit system and financial statements of the company, The attendance of the directors was as follows:

Members of Audit Committee	Designation	No. of meetings attended
Mr. Amul J. Patel	Chairman	4
Mr. J.B. Parikh	Member	4
Mr. J.V.Joshi	Member	4

Minutes of the Audit Committee Meetings are noted by Board of Directors at the subsequent Board Meetings.

Shareholders/ Investors Grievance Committee:

The company has constituted a Shareholders' Grievance Committee consisting of two directors viz. Mr. Amul J. Patel and Mr. J. B. Parikh. No investors' complaints were received during the year.

The functions of the committee are to specifically look into the redressal of shareholder and investor complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.

Remuneration Committee:

The board has set up a Remuneration Committee comprising of:

- (i) Mr. J. B. Parikh, Chairman
- (ii) Mr. J. V. Joshi

The committee is set up to determine on behalf of Board of Directors and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

The quorum of the meeting is all the members present. The chairman of the meeting will be present at Annual General Meeting to answer the queries of shareholders, alternatively; he would decide who should answer the queries.

None of the Directors of the company are members of more than ten committees or acting as chairman of more than five committees.

The board periodically reviews compliance report of all laws applicable to the company.

(C) Remuneration to directors:

The company has remuneration committee consisting of two directors viz. Mr. J. B. Parikh and Mr. J. V. Joshi.

The details of remuneration paid to directors for the financial year 2004-05 are as under:

Name of Director perquisites	Sitting Fee	Salary & Other	Commission	Total
Mr. J. B. Parikh	-	-	-	-
Mr. Shrikant J. Parikh	-	Rs. 81,000/-	-	-
Mr. Vikram J. Patel	-	-	-	-
Mr. Amul J. Patel	-	-	-	-
Mr. J. V. Joshi	-	-	-	-
Mr. Malay Karbhari	-	-	-	-
Mr. Kamlesh Khandor	-	-	-	-

II. Disclosures

- Disclosure on materially significant related party transaction that may have potential conflict with the interest of company at large:-

None of the transactions with any of the related parties were in conflict with the interest of the company.

- There were no instances of non compliance or penalties imposed on the Company, by the Stock Exchange(s), SEBI, or any statutory on any matter related to capital markets, during last three years.

Senior Management discloses all material financial and commercial transactions, where they have material interest that may have potential conflict with the interest of the company at large to the board from time to time.