

EIGHTEENTH ANNUAL REPORT 2005-2006



MINAL ENGINEERING LIMITED



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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

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

The Eighteenth Annual General Meeting of the company will be held on 30th September, 2006 at 11.30 a.m. at the Registered Office of the Company at 214/A, Paradise Complex, Sayajigunj, Vadodara.



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will held Saturday the 30th September, 2006 at 11.30 a.m. at the Registered Office of the Company at 214/A, Paradise complex, Sayajigunj, Vadodara - 390005, Gujarat to transact the following businesses:

ORDINARY BUSINESS:

- 1) To consider, approve and adopt the Balance sheet as at 31st March, 2006 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. Vikram Parikh, 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. J.B. Parikh, 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, 2006.
- 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-appointment 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."

**By Order of Board
For Minal Engineering Limited**

Place: Vadodara

Date: 30.06.2006

**J. B. Parikh
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 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 correspondance to the Registrar and Transfer Agent MCS Limited, at Neelam Appartment, 88, Sampatrao Colony, Vadodara 390 005.
3. The Register of Members and Share Transfer books of the Company will be closed from 23rd September, 2006 to 30th September, 2006. (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. 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.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the **18th Annual Report** together with the Audited Financial Statement along with the Report of the Auditors for the year ended on **31st March 2006**.

➤ **Financial Results and Profitability:**

	<i>Rs. In Lacs</i>	
FINANCIAL RESULTS	2005-2006	2004-2005
Total Income	317.43	447.36
Total Expenditure	35.73	23.98
Profit before Depreciation & Tax	281.70	423.39
Less: Depreciation	4.23	4.23
Profit before tax	277.46	419.16
Provision for tax	0.08	0.33
Profit after Tax	277.38	418.83
Profit brought forward	387.79	30.64
Profit available for appropriation	665.18	449.46
Appropriations:		
Dividend	26.54	26.54
Dividend Tax	3.72	3.72
Transfer to General Reserve	600	31.41
Balance Carried forward	34.91	387.79
Paid up Equity Share Capital	132.71	132.71
Share Forfeited Account	75.53	75.53
Reserves and Surplus	682.33	435.21

➤ **Operation**

Your directors take pleasure in reporting that the company has achieved a turnover of Rs. 317.43 Lacs. The company has earned a gross profit of Rs. 281.70 Lacs before depreciation and interest as against Rs. 424.54 Lacs in the previous year. After providing a sum of Rs. 4.23 Lacs towards depreciation, income tax provision of Rs. 0.08 lacs after adjusting a sum of Rs. 0.07 lacs towards deferred tax, the operation resulted in net profit of Rs. 277.38 Lacs as against Rs. 418.83 Lacs in the previous year.

M/s C. Mahendra Infjewels, which resulted income of Rs.278.93 Lacs during the year, the firm in which the company is partner.

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

The company has made net profit of Rs. 277.38 Lacs during the year a sum of Rs. 600 lacs 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 30th September, 2006 and also to those whose names as beneficial owners are furnished by National Securities Depositories Limited and Central Depositories Services (India) Limited.

➤ **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 pursuant to the Section 58A of the Companies Act, 1956.

➤ **Directors :**

Shri J.B. Parikh and Shri Vikram Parikh, Directors of the company will retire by rotation in the Annual General Meeting, being eligible offer themselves for reappointment.

Brief Profile of Retiring Directors:

Mr. J. B. Parikh is B.A., L.L.B. and retired as Deputy Collector of Gujarat State. He has served as Government Employee for 40 years.

Mr. Vikram parikh is Bachelor of Arts and is doing his own business since last 20 years.



➤ **Auditors:**

The Statutory Auditors of the Company M/s Chandrakant & Sevantilal & 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.

➤ **Order of SEBI:**

On 28th September, 2005 your company has received an interim order from SEBI, which was finalized on 25th January, 2006 issuing direction that the promoter and directors viz. Shrikant Parikh, J.B. Parikh, Malay Karbhari, J.V. Joshi, Amul J. Patel, Vikram J. Parikh and Kamlesh Khandhor shall not buy, sell or deal in securities of the company. The SEBI has also restrained the company from reissue of forfeited shares. The issue of bonus shares which was restrained vide interim order dated 28th September, 2005 was allowed by the SEBI in the final order dated 25th January, 2006. However due to expiration of six months from the date of approval of bonus shares by board of directors of the company as per the guidelines of SEBI (disclosure and Investor Protection), 2000, the Company could not proceed further, the company had approached for relaxation of the guidelines with SEBI.

➤ **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 for preventing the detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

➤ **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.

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 :30.06.2006

**Sd/-
J. B. Parikh
Chairman
Sd/-
Vikram parikh
Director**



ANNEXURE TO DIRECTOR'S REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF
BOARD OF DIRECTORS) RULES, 1988

1. CONSERVATION OF ENERGY

- a) Energy Conservation measures taken:
The Company is taking various steps to conserve the energy.
- b) Impact of the above steps:
The impact of above step is positive.
- c) Total energy consumption and energy consumption per unit of production:
Refer enclosed Form-A

2. TECHNOLOGY ABSORPTION

- d) Efforts made in technology absorption
Not Applicable

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings :Rs. 51705/-
Foreign Exchange Outgo :Nil

Form A (See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

- | | |
|---------------------------------------------|---------------------|
| A. Power and fuel Consumption | Current year |
| 1. Electricity | |
| a) Purchase Unit | 63140 |
| Total Amount | 322999 |
| Rate/ Unit | 5.12 |
| b) Own generation | |
| (i) Through diesel generator Unit | |
| Unit per-ltr of diesel oil Cost/unit | |
| (ii) Through steam turbine/ generator Units | |
| Unit per-ltr of fuel oil/gas Cost/unit | |
| 2. Coal (specify quantity and where used) | |
| Quantity (tones) | |
| Total Cost | |
| Average Rate | |
| 3. Furnace Oil | |
| Quantity (tones) | |
| Total Cost | |
| Average Rate | |
| 4. Others | |
| Quantity (tones) | |
| Total Cost Rate/unit | |

Not Applicable

B. Consumption per unit of production

Standards If any	Current Year	Previous Year
---------------------	-----------------	------------------

Products (with details) unit
Electricity
Furnace Oil not ascertained
Coal (specify quantity)
Others (specify)

Not Applicable

FORM B (See Rule 2)

Form for disclosure of particulars with respect to absorption.

Research and Development (R&D)

1. Specific areas in which R & D carried out by the Company.
2. Benefits derived as a result of the above R & D
3. Future plan of action
Not Applicable
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R&D expenditure as a percentage of total turnover

Technology absorption, adoption and innovation

1. Efforts, in brief, made towards technology absorption, adoption and innovation
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction product development, import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). Following information may be furnished:
 - (a) Technology Imported
 - (b) Year of Import
 - (c) Has technology been fully absorbed?
 - (d) Of not fully absorbed, areas where this has not take place, reasons therefore and future plans of action.

Not Applicable



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 5 directors out of it 1 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 two 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 Public Ltd. companies	Attendance in the last AGM
<u>Executive Director:</u>				
Mr. Shrikant Parikh, Managing Director	11	09	Nil	Yes
<u>Non- Executive Directors:</u>				
Mr. J. B. Parikh, Chairman	11	11	Nil	Yes
Mr. Vikram J. Parikh, Director	11	11	Nil	Yes
Mr. Amul J. Patel, Director	11	11	Nil	Yes
Mr. J.V. Joshi, Director	11	11	Nil	Yes

(B) Board and Committees:

During the year 2005-06, the Board of Directors met on 11 occasions on the following dates: 06/06/05, 30/06/05, 1/07/2005, 30/07/2005, 20/08/2005, 26/08/2005, 05/09/2005, 8/10/2005, 28/10/2005, 05/12/2005, 30/01/2006.

The board complies with Code of Conduct as provided for all Board members and Senior Management of the company. Compliance of the code is affirmed on annual basis every year.

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 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. 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.

**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 are pending at the end of 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.

<i>Members of the Committee</i>	<i>Designation</i>	<i>No. of meetings attended</i>
Mr. Amul J. Patel	Chairman	4
Mr. J. B. Parikh	Member	4

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. No meeting of Remuneration Committee was held during the year under review.

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 2005-06 are as under:

Name of Director	Sitting Fee	Salary & Other perquisites	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	-	-	-	-

II. Disclosures

2. 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.
3. There were no instances of 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.
4. Securities and Exchange Board of India has issued direction that the promoter and directors viz. Shrikant Parikh, J.B.Parikh, Malay Karbhari, J.V.Joshi, Amul J.Patel, Vikram J.Parikh and Kamlesh Khandhor shall not buy, sell or deal in securities of the company. The SEBI has also restrained the company from reissue of forfeited shares
5. 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.

Management Discussion and Analysis Report:

The company is into engineering industry, there are no specific or material changes in the industry for the product in the last year. The main product of the company is Braille typewriter. Pressure on profit margins is increasing due to increased competition and technological changes. The profits of the company from Engineering business is Rs 33.71 lacs, the company is a partner in a partnership firm M/s C. Mahendra Infojewels, a unit of manufacturing Diamond studded jewelry and got Rs. 278.93 lacs from the firm during the year under review. The company has also earned other incomes of Rs. 4.79 Lacs. Net profit of the company stood at 277.39 lacs and for the year the board has recommended a dividend of 20%. The EPS of the company stood at Rs. 20.90 as compared to EPS of previous year which was Rs. 31.56.



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

Shareholders:

- o The company entered into agreement with M/s M.C.S. Ltd. as the Registrar & Transfer Agent to expedite the register and transfers of shares and to look into the redressal of shareholder and investors complaints, Shareholders/ Investors Grievance Committee consisting of Mr. Amul J. Patel and Mr. J. B. Parikh is formed.
- o Material financial and commercial transactions of the management (defined as 'Board of Directors'), where they have personal interest, that may have a potential conflict with the interest of the company at large have been reported to the Board from time to time.

Means of Communication

- o Quarterly financial results are submitted to the Stock Exchanges where the shares of the Bank are listed, within the stipulated time frame. Further, the quarterly financial results are also published in Business Standard, Loksatta, Asian Age and News Lines as per the statutory requirement.

General Shareholder's Information:

- (i) **Annual General Meeting:**
The Seventeenth Annual General Meeting of the Company will be held on Saturday, 30th September, 2006 at 11.30 a.m. at the registered office of the company.
- (ii) **Financial year**
The financial year of the company is from 1st April to 31st March.
- (iii) **Date of Book Closure**
The Register of members and Share Transfer Books of the company will remain closed from 23rd Sep., 2006 to 30th Sep., 2006 to ascertain the members of the company for the purpose of Annual General Meeting of the Company.
- (iv) **Dividend payment Date**
The dividend will be paid within the Statutory time limit of 30 days.
- (v) **Listing on Stock Exchanges**
The Names along with addresses of the Stock Exchanges where the securities of the company are listed, are as under:-
 - The Stock Exchange, Mumbai (BSE)
25th Floor, P.J. Towers, Dalal Street, Mumbai- 400 001
 - Ahmedabad Stock Exchange (ASE)
Kamdhenu Complex, Nr. Polytechnic College, Panjra Pole, Ahmedabad
 - Vadodara Stock Exchange (VSE)
Fortune Tower, Sayajigunj, Vadodara.
- (vi) **Stock Code**
The Stock Codes of the company at The Stock Exchange, Mumbai is 522235.
- (vii) **Market Price Data**
Market price on BSE from the month of April, 2005 to March, 2006 is as under.

Months	High (Rs.)	Low (Rs.)	Months	High (Rs.)	Low (Rs.)
April, 05	26.00	20.70	October 2005	233.05	113.95
May, 05	25.25	21.95	November, 05	111.35	65.10
June, 05	39.65	23.00	December, 05	174.90	100.75
July, 05	95.80	40.00	January, 06	148.00	102.55
August, 05	277.95	100.55	February, 06	119.90	87.00
September, 05	452.35	245.30	March, 06	116.05	90.35

- (viii) **Registrar & Share Transfer Agent**
MCS Limited
Neelam Apartment, 88 Sampatrao Colony, Vadodara
- (ix) **Share Transfer System and Dematerialization:**
All the shares of the company are traded compulsory in the dematerialized form. The company has entered into an agreement with both NSDL and CDSL whereby the shareholders have an option to dematerialize their shares with depositories. Demat ISIN Number in NSDL and CDSL, for equity shares is INE097E01010.
As on 31st March, 2006, 11,11,764 shares were in Dematerialized form representing 83.77% of the total shares.



(x) Distribution of Shareholding

Nominal value of Shareholding (Rs.)	Shareholders		Amount held	
	Numbers	% to total	In Rs.	% to total
1-5000	361	89.36	515360	3.88
5001-10000	20	4.95	137170	1.03
10001-20000	10	2.48	148320	1.12
20001-30000	0	0.00	0	0.00
30001-40000	3	0.74	104950	0.79
40001-50000	0	0.00	0	0.00
50001-100000	3	0.74	192200	1.45
100001 and above	7	1.73	12173000	91.73
Total	404	100.00	13271000	100.00

(xi) Shareholding Pattern

	Category	No. of shares held	percentage of shareholding
1	Promoter Holding	1185600	89.34
2	Mutual Funds and UTI	Nil	Nil
3	Banks, FI, Insurance Companies	Nil	Nil
4	Private Corporate Bodies	11055	0.83
5	NRI's/ OCBs	Nil	Nil
6	Indian Public	130445	9.83
	GRAND TOTAL	13,27,100	100.00

(xii) Site Location:

351, GIDC, Makarpura, Vadodara – 390 010. Tel. 0265- 2638506, 2642570, Fax: 2782254

(xiii) Address for Investors' Correspondance:

Registered Office: 214/A, Paradise Complex, Sayajigunj, Vadodara - 390 005.

o Particulars of past three Annual General Meetings:

	2003	2004	2005
Date of the AGM	30 th September, 2003	2 nd September, 2004	8 th August, 2005
Venue	Company's Registered Office at Baroda	Company's Registered Office at Baroda	Company's Registered Office at Baroda

Note: All the resolutions set out in the respective Notices for the above Meetings, including the Special Resolutions were duly passed by the Shareholders with the requisite majority in each case. No resolution requiring Postal Ballot was passed at the above meetings.

III. Chief Executive Officer and Chief Finance Officer:

Mr. Shrikant Parikh, Managing Director and Mr. Vikram Parikh, Chief Finance Officer of the company review the financial statements and cash flow statements and also certify to the board regarding non omission of material fact and statements and compliance of existing accounting standards, applicable laws and regulations. They also accept the responsibility for establishing and maintaining internal control systems and evaluating the effectiveness of the system and disclosing the same to Audit committee and auditors.