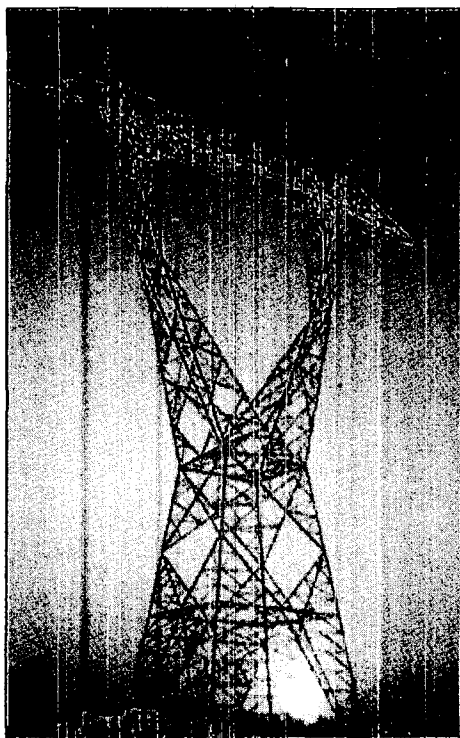
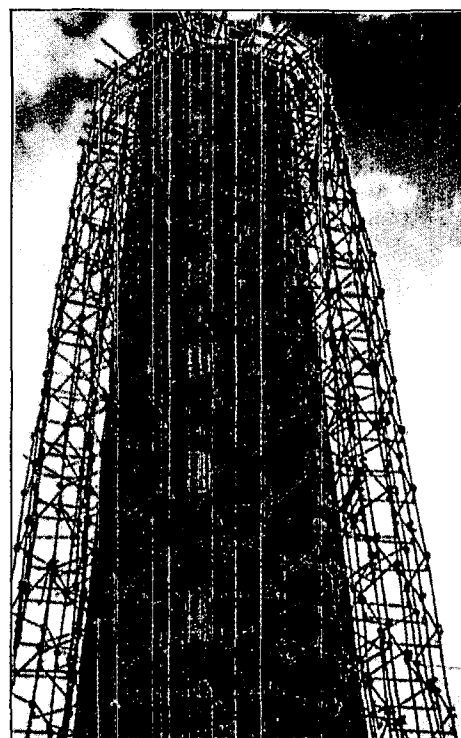


ANNUAL REPORT 1996-97





Transmission Tower being set up for 800 KV high voltage transmission line between Kishanpur & Moga



Civil and Structural work in progress at Hospet Steel site.

Report  Junction.com

FIVE YEAR HIGHLIGHTS

	(Rupees in Millions)				
	1996-97	1995-96	1994-95	1993-94	1992-93
I. CAPITAL ACCOUNTS					
A. Share Capital	91.5	63.9	42.5	42.5	42.5
B. Reserves	202.7	102.1	41.6	29.5	28.6
C. Shareholders' Funds (A + B)	294.2	166.0	84.1	72.0	71.1
D. Borrowings	28.9	3.9	—	—	—
E. Capital Employed (C + D)	323.1	169.9	84.1	72.0	71.1
F. Gross Block	149.8	58.1	26.5	5.2	4.1
G. Net Block	133.8	53.1	24.3	3.4	2.8
H. Debt-Equity Ratio	0.1:1	—	—	—	—
II. REVENUE ACCOUNTS					
A. Gross Revenue	480.7	213.7	99.3	39.4	44.1
B. Profit before Taxes	65.6	41.5	27.5	9.7	15.9
% of Gross Revenue	13.6	19.4	27.7	24.6	36.1
C. Profit after Taxes	45.5	27.3	17.1	5.2	7.3
% of Gross Revenue	9.5	12.8	17.2	13.2	16.6
D. Return on Shareholders Funds %	15.5	16.5	20.3	7.2	10.3
III. EQUITY SHAREHOLDERS' EARNINGS					
A. Earning per Equity Share	5.0	4.3	4.0	1.2	1.7
B. Dividend per Equity Share	2.0	1.6	1.4	1.0	1.0
C. Equity Dividend	15.5	9.8	6.0	4.3	2.4
D. Networth per Equity Share	32.2	26.0	19.8	16.9	16.7

MUKAND ENGINEERS LIMITED**BOARD OF DIRECTORS**

Rajesh V. Shah, *Chairman & Managing Director*

Niraj Bajaj

D. S. Mulla

D. S. Mehta

Prakash V. Mehta

S. K. Ahluwalia

MD	✓	BEC	✓
CS	✓	DPY	✓
RC	✓	DEV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		

FINANCIAL CONTROLLER & SECRETARY

G. M. Jain

BANKERS

ABN AMRO Bank N.V.

Allahabad Bank

HDFC Bank Ltd.

State Bank of India

AUDITORS

Dalal & Shah, *Chartered Accountants*

REGISTERED OFFICE

L.B.S. Marg, Kurla, Mumbai 400 070.

Annual General Meeting
on Tuesday,
16th September, 1997
at 3.30 p.m.
at Y.B. Chavan Auditorium,
General Jagannathrao
Bhosale Marg,
Mumbai 400 021.

REGISTRAR AND TRANSFER AGENTS

Dynamic Superways and Exports Ltd.

Rainbow Palace, I.C.Colony Cross Road No. 5,

I.C. Colony, Borivli (W),

Mumbai 400 103.

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A REQUEST

We are sure you will have read with interest the accounts for the year ended 31st March, 1997. You may desire to have some clarification or additional information on the said accounts at the ensuing Annual General Meeting. We shall very much appreciate, if you will kindly write to us at least ten-days in advance in order to enable us to keep the information ready for you at the Meeting. We solicit your kind co-operation.

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. The Shareholders are requested to bring their copy to the Meeting.



NOTICE

To the Members,

NOTICE is hereby given that 11th ANNUAL GENERAL MEETING of the Members of MUKAND ENGINEERS LIMITED will be held on Tuesday, the 16th September, 1997 at 3.30 p.m. at Y.B. Chavan Auditorium, General Jagannathrao Bhosale Marg, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1997 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri S.K. Ahluwalia who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri D.S. Mulla who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office for the period commencing from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956, in the following manner:

After Article 9, insert the following Article numbered as Article 9A alongwith marginal note :

'Purchase 9A. The Company shall have power, subject of own to and in accordance with all applicable Shares. provisions of the Act to purchase any of its own partly or fully paid equity or preference shares and/or any instruments representing equity shares and/or securities convertible into equity shares and/or securities linked to equity shares or any such instruments or securities being either with detachable warrants or naked warrants entitling the warrant holders to equity shares/ instruments or securities representing equity shares."

7. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED that in terms of Section 81 and other

applicable provisions, if any, of the Companies Act, 1956, and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company are listed, and subject to the consent of all concerned authorities and departments if and to the extent necessary, and such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board'), at its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot to or for the benefit of such person or persons as are at the time of issue in the permanent employment of the Company, (including any of the Directors in the employment of the Company) such number of equity shares of the Company of the face value of Rupees Ten each, not exceeding in number at any time, in the aggregate 3% of the issued equity shares of the Company at that time, as the Board may deem fit, for subscription for cash, in one or more tranches, on terms as may be fixed and determined by the Board prior to the issue, offer and allotment thereof in consultation with such authorities as may be prescribed or in accordance with such guidelines or other provision of law as may be prevailing at the time and otherwise ranking *pari passu* with the equity shares of the Company as then issued and in existence and on such other terms and conditions (including payment of premium, if any) and at such time or times as the Board may at its absolute discretion and in the best interest of the Company may deem fit; provided that issue price of such share be such as may be determined by the Board in the best interest of the Company; provided further that the aforesaid issue of equity shares may instead be in the form of fully or partly convertible debentures, bonds, equity warrants or other equity linked securities as may be permitted in law, from time to time, and which are generally regarded as an Employee Stock Option Instrument and issuance of such securities in the aggregate will result in not more than 3% of the issued equity shares of the Company at that time; provided also that the Board may in this behalf also make or formulate a scheme for the provision of monies by the Company for the purchase or subscription of the shares or other securities hereinbefore mentioned in such manner as may be permitted by law.

RESOLVED FURTHER that for the purpose of giving effect to any issue or allotment of equity shares and/ or fully or partly convertible debentures, bonds, equity

MUKAND ENGINEERS LIMITED



warrants or other equity linked securities contemplated above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may at its discretion deem fit or necessary or desirable for such purpose with power to settle any questions, difficulties, or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

8. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 61 and/or other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be specified in granting such approvals, permissions and sanctions and which may be agreed to by the Board of Directors of the Company, the terms of the issue and allotment of 56,07,386 Equity Shares of Rs. 10 each for cash at premium allotted by Board of Directors/Committee of Directors on October 3, 1996 be revised and it shall always be deemed to have been revised as mentioned hereinbelow:

- a) (i) the premium payable on the 30,08,200 Equity Shares allotted to the General Public shall be reduced to Rs. 15 per share as against Rs.30 per share stipulated in the Prospectus;
- (ii) the amount payable on calls shall be Rs. 5 per share, to be fully appropriated towards capital account; as against Rs. 20 per share stipulated in the Prospectus for appropriation of Rs. 5 per share towards capital account and Rs. 15 per share towards premium account;
- b) the Funds Requirement and Means of Finance consequent upon the reduction of premium shall be amended as hereinbelow:

FUNDS REQUIREMENT		Rs. lakhs
Investment in Plant & Machinery		1,370
Miscellaneous Assets		150
Margin Money for Working Capital		162
Issue Expenses		110
		<u>1,792</u>
MEANS OF FINANCE		
Equity Share Capital		561
Share Premium		1,231
		<u>1,792</u>

save as above, other terms and conditions for the issue and allotment of the aforesaid 30,08,200 Equity Shares shall continue to apply as stipulated in the Prospectus, and this Resolution shall not in any manner whatsoever have the effect of varying the terms of any existing Equity Shares of the Company save and except the said 30,08,200 Equity Shares allotted on October 3, 1996 to the General Public pursuant to the Prospectus dated June 5, 1996 issued by the Company and referred to hereinabove.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to take all such steps and to do all such acts and deeds as may be necessary to give effect to the aforesaid resolution."

9. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED that pursuant to Section 149(2A) of the Companies Act, 1956, the Company do commence / carry on business in relation to the following objects contained in the Objects Clause of the Memorandum of Association:

(78) To provide or render consultancy and training services related to the preparation and mathematical information and reports, including data processing, programming, collecting, storing, processing and transmitting information and data of every kind and description, system and analysis and machine services for solving or aiding commercial, industrial, scientific and research problems and all other related businesses with or without the use of computers and other electronic or electronically controlled devices, equipments and facilities.

(79) To start and/or carry on and engage in and conduct research and development in the fields of electronics, electronic/electronically controlled processes or in respect of matters technical or operational and to carry on investigations and experiments of all kinds, to originate, develop and improve any discoveries, inventions, processes and formulae, and particularly to manufacture, purchase or otherwise acquire, own, hold, operate, sell or otherwise transfer, lease, license, use, distribute or otherwise dispose off and generally to deal in property of every kind and description, including without limitation of the generality of the foregoing, computers, electronic, electrical and mechanical devices, appliances and machines and parts thereof.

(80) To collect and disseminate trading, commercial, scientific, technical, budgetary, costing, financial, economical and other information and data in respect of all matters and to furnish and supply



the same or any part thereof to and for the benefit of any individual, firm, company, trust, association, body corporate, society, organisation or institution, and for this purpose to provide, maintain and operate offices, organisations, services, laboratories, work-shops, facilities, conveniences, bureau and the like including teleprinter and other communication services and facilities.

- (82) To act as a service organisation or bureau for providing, rendering or undertaking services relating to electrical, mechanical engineering, computer technology, administration, marketing, purchasing, technical/scientific research, publication of technical literature or journals and other services to individuals, firms, companies, corporate bodies, trustees, associations, organisations or institutions, in India and abroad and to utilise the expertise already developed by the Company for the above purposes and also to employ experts on the relative subjects and make their services available to others in this behalf."

NOTES:

1. Explanatory Statement setting out all material facts concerning the business as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
3. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has, from time to time, transferred unclaimed dividends relating to the years upto 1992-93 and an amount of Rs.10,391/- has been transferred to the General Revenue Account of the Central Government. Members who have a valid claim to any of the unclaimed dividends referred to above, may claim the same from the Registrar of Companies, Maharashtra in the prescribed manner. The unclaimed dividend in respect of the year 1993-94 will be due for transfer to the Central Government on 4th November, 1997. Individual reminders have already been sent to the Members concerned for enabling them to claim their dividends from the Company before transfer to the Central Government.
4. The Register of Members, and the Share Transfer Books of the Company will remain closed from Wednesday, the 10th September, 1997 to Tuesday, the 16th September, 1997 both days inclusive for the purpose of payment of dividend. Payment of dividend, if sanctioned will be made on or after 16th September, 1997 to those Members whose names appear in the Register of Members of the Company as on 10th September, 1997.

5. The Members are requested to intimate the change in their address, if any, to the Company immediately.

By Order of the Board of Directors
For MUKAND ENGINEERS LIMITED

Mumbai
Dated July 29, 1997

G. M. JAIN
Financial Controller & Secretary

Registered Office:
L.B.S. Marg, Kurla,
Mumbai 400 070.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Re: Item No. 6

It is proposed to insert a new Article 9A as set out in the Resolution to enable the Company to purchase any of its own shares and other instruments or securities detailed in the body of the Resolution at item no. 6 of the Notice in accordance with the law as may be then prevailing. In the event if it is permitted by the law in future to purchase by a company of its own shares, the Board of Directors may in their discretion purchase such shares/instruments/securities.

A print of the Articles of Association of the Company showing the proposed alterations will be available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on all working days of the Company upto and including the day of the Meeting.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Re: Item No. 7

In the days of competitive business environment, it is necessary that the Company adopts requisite measures for attracting and retaining qualified, talented and co-operative persons. Stock Option Schemes designed to foster a sense of ownership and belonging amongst employees are a well accepted approach to employee motivation. It is therefore proposed to consider a scheme of allotment of shares to the employees of the Company. The shares may be allotted directly to the employees of the Company or in accordance with any other scheme that may be framed by the Board of Directors.

Since the issued capital of the Company is proposed to be increased by offer of further shares to persons other than the holders of equity shares of the Company, the

MUKAND ENGINEERS LIMITED

consent of the Members is required by a Special Resolution under Section 81(1A) of the Companies Act, 1956.

Except the Chairman and Managing Director, who may be eligible/qualified to join the scheme, none of the other Directors of the Company is, in any way concerned or interested in the Resolution.

Re: Item No. 8

The Company had issued 56,07,186 Equity Shares of Rs.10 each for cash at a premium of Rs.30 per share of which 25,99,156 Equity Shares were reserved to the Promoters and their associates and 30,08,000 Equity Shares were offered to the General Public for subscription in terms of the Company's Prospectus dated June 5, 1996.

In terms of the Prospectus, the public issue opened on August 26, 1996 and closed on September 5, 1996. Pursuant to the public issue, 30,08,200 Equity Shares of Rs.10 each for cash at a premium of Rs.30 per share, were allotted to valid applicants on October 3, 1996. The aggregate proceeds of the capital issue to the promoters and to the public amounting to Rs. 2243 lakhs was largely meant to finance the expansion scheme undertaken by the Company as well as to finance the working capital margin requirements.

However, in view of the depressed stock market conditions, the stock market quotations of your Company's share has not been reflecting its true worth and intrinsic value thereby causing considerable hardship and anxiety to our new Shareholders. Although the management of the Company is convinced that the premium of Rs. 30 per share charged originally was fair, the management also appreciates the difficulty faced by our valued Shareholders. Therefore the Board of Directors has proposed to reduce the premium to Rs.15 per share thereby reducing the issue price per share to Rs.25 (Rs.10 + Rs.15) as against Rs.40 per share (Rs.10 + Rs.30) stipulated in the Prospectus. However, this variation is proposed to be applied only in respect of 30,08,200 Equity Shares allotted to the General Public pursuant to the Prospectus dated June 5, 1996, issued by the Company. The terms of 25,99,156 Equity Shares allotted to Promoters will not undergo any change and the issue price of these shares will be Rs. 40 per share as originally stipulated.

The proposed variation in the premium will result in lower mobilisation of funds from capital issue to the tune of Rs.451.2 lakhs. This has necessitated revision in Funds Requirement and Means of Finance. This will also have effect on the Company's performance in the short term. The Company is, however, making arrangements for raising alternative finance. In view of the lower resource mobilisation, the projected financial performance of the Company for 1997-98 and 1998-99 will undergo a revision from what was set out in the Prospectus dated June 5, 1996. The revised projections for the next two years are as under:

(Rs.lakhs)

Financial Year	1997-98	1998-99
Total income	7,050	9,600
PBDIT	965	1,375
Interest	85	150
Depreciation	105	125
PBT	775	1,100
Tax	185	287
PAT	590	813
Share Capital	1,199	1,199
Reserves & Surplus	2,772	3,320
Dividend	22%	25%
EPS (Rs.)	5.6	6.8
Book Value (Rs.)	33.11	40.38

Although the amendment/modification proposed by the Company may not amount to variation in the terms of contract as specified under the said Section 61 of the Act, as a matter of abundant caution, consent of members is sought by the said Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Re: Item No. 9

The Board of Directors of the Company regards Information Technology as the business of future and as such are of the view that the Company should take up such business at opportune time.

The Board of Directors and the Management are optimistic with regard to the business prospects in this line. This proposed diversification is covered in the Objects clause of the Memorandum of Association of the Company.

Pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, the approval of the Members in General Meeting is required before commencement of any new business set out in the other objects of the Objects Clause of the Memorandum of Association of the Company.

The Board seeks the approval of the Members for commencement and carrying out of the business in near future as set out in the Special Resolution.

None of the Directors of the Company is in any way, concerned or interested in the Resolution.

By Order of the Board of Directors
For MUKAND ENGINEERS LIMITED

Mumbai
Dated July 29, 1997

G. M. JAIN
Financial Controller & Secretary

Registered Office:
L.B.S. Marg, Kurla,
Mumbai 400 070.