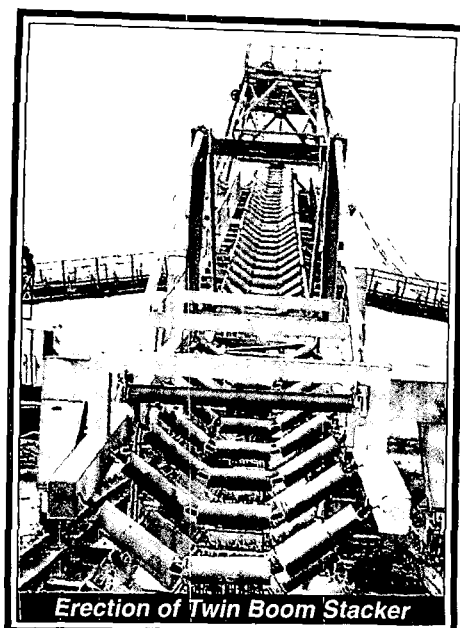


MUKAND ENGINEERS LTD.

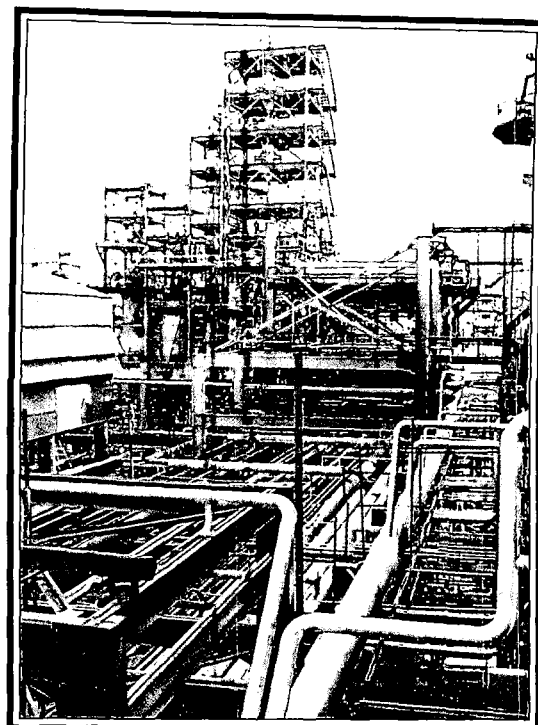
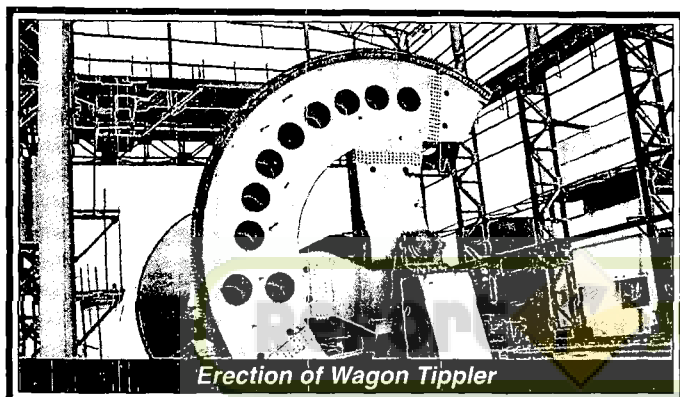
12TH ANNUAL REPORT 1997-98

MD		BKC	
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Erection of Twin Boom Stacker

Mechanical works at Catalyst Reformer unit
of IOCL, Mathura

Erection of Wagon Tippler

Is in progress at SJK Steel Corporation Limited, Tadipatri,
Andhra Pradesh

FIVE YEAR HIGHLIGHTS

(Rupees in Millions)

	1997-98	1996-97	1995-96	1994-95	1993-94
I. CAPITAL ACCOUNTS					
A. Share Capital	119.0	91.5	63.9	42.5	42.5
B. Reserves	270.0	202.7	102.1	41.6	29.5
C. Shareholders' Funds (A + B)	389.0	294.2	166.0	84.1	72.0
D. Borrowings	56.2	28.9	3.9	—	—
E. Capital Employed (C + D)	445.1	323.1	169.9	84.1	72.0
F. Gross Block	192.2	149.8	58.1	26.5	5.2
G. Net Block	170.3	133.8	53.1	24.3	3.4
H. Debt-Equity Ratio	0.1:1	0.1:1	—	—	—
II. REVENUE ACCOUNTS					
A. Gross Revenue	676.2	480.7	213.7	99.3	39.4
B. Profit before Taxes	64.1	65.6	41.5	27.5	9.7
% of Gross Revenue	9.5	13.6	19.4	27.7	24.6
C. Profit after Taxes	49.8	45.5	27.3	17.1	5.2
% of Gross Revenue	7.4	9.5	12.8	17.2	13.2
D. Return on Shareholders' Funds %	12.8	15.5	16.5	20.3	7.2
III. EQUITY SHAREHOLDERS' EARNINGS					
A. Earning per Equity Share	4.2	5.0	4.3	4.0	1.2
B. Dividend per Equity Share	2.0	2.0	1.6	1.4	1.0
C. Equity Dividend	20.2	15.5	9.8	6.0	4.3
D. Networth per Equity Share	32.7	32.2	26.0	19.8	16.9

BOARD OF DIRECTORSRajesh V. Shah, *Chairman*

Niraj Bajaj

D. S. Mulla

D. S. Mehta

Prakash V. Mehta

S. K. Ahluwalia

MANAGER OF THE COMPANY AND CHIEF EXECUTIVE

K. P. Jotwani

COMPANY SECRETARY

A.P.K. Chettiar

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.

REGISTRAR AND TRANSFER AGENTS

Dynamic Superways and Exports Ltd.

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

I.C. Colony, Borivili (W),

Mumbai 400 103.

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A REQUEST

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

Annual General Meeting
on Tuesday,
8th September, 1998
at 3.30 p.m.
at Y.B. Chavan Auditorium,
Bhosale Marg,
Mumbai 400 021.



NOTICE

To the Members,

NOTICE is hereby given that 12th ANNUAL GENERAL MEETING of the Members of MUKAND ENGINEERS LIMITED will be held on Tuesday, September 8, 1998 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 and Loss Account for the year ended March 31, 1998 and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend.

3. To appoint a Director in place of Shri Rajesh V. Shah, who retires by rotation and is eligible for re-appointment.

4. To appoint a Director in place of Shri D.S. Mehta, 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 an Ordinary Resolution :

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 mortgage and/or charge by the Board of Directors of the Company of all or any of the immovable and movable properties of the Company wheresoever situate, present and future and/or whole of the undertaking of the Company in favour of the trustees for the holders of the debentures or such other instrument(s) that may be issued by the Company in future, to secure an amount not exceeding Rs. 50 crores inclusive of interest thereon at agreed rates, costs, charges, expenses, remuneration and all other monies payable by the Company in that behalf to the holders of debentures and debenture trustees.

RESOLVED FURTHER that the Board of Directors of the Company be and they are hereby authorised to finalise the documents for creating the related mortgages and/or charges and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for giving effect to the above Resolution.

RESOLVED FURTHER that the Board of Directors of the Company be and they are hereby authorised to delegate to a Committee of Directors all or any of the powers, authorities and discretions vested in it in terms of this Resolution as may be permitted in law."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby approves the appointment of Shri K.P. Jotwani as the Manager of the Company as defined in Section 2(24) of the Companies Act, 1956, for a period of five years, with effect from July 1, 1998 upon the terms and subject to the conditions as

set out in the Agreement between the Company and Shri K.P. Jotwani with further liberty to the Directors, from time to time, to alter and vary the said terms and conditions, in such manner as may be agreed upon between the Directors and Shri K.P. Jotwani in the best interests of the Company, but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER that Shri K.P. Jotwani shall perform such functions within the meaning of Section 2(24) of the Companies Act, 1956 subject to the superintendence, control and direction of the Board of Directors.

RESOLVED FURTHER that for the administrative convenience the designation of Shri K.P. Jotwani will be Chief Executive of the Company."

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

"RESOLVED that pursuant to the provisions of Section 370 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) consent of the Company be and is hereby granted to the Board of Directors of the Company to give from time to time any guarantee(s) and/or provide any security, in connection with any loan(s) made by banks, financial institutions or other persons to any other persons and or firms/s and or body/ies corporate and or associate company/ies, whether or not under the same management as the Company and or any co-operative society/ies and or trusts catering to the welfare of the employees on such terms and conditions as the Board of Directors may deem fit and expedient, provided that the aggregate of guarantees so given, or securities so provided shall not, at any time, exceed Rs. 30 crores (Rupees Thirty crores only) at any one time (apart from interest and other incidental charges, cost, expenses, etc. relating thereto).

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to decide all or any other matter as may be required in this regard and to do all such acts and things as may be necessary to implement this Resolution."

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

"RESOLVED that pursuant to the provisions of Section 370 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if necessary, consent of the Company be and is hereby granted to the Board of Directors of the Company to make from time to time any loan or loans to any body/ies corporate, whether or not under the same management as the Company in accordance with the limits prescribed under Section 370 of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), provided that the aggregate of all the loans made and/or to be made to all bodies corporate shall not, at any time, exceed Rs. 30 crores (Rupees Thirty crores only) at any one time (apart from interest and other

MUKAND ENGINEERS LIMITED



incidental charges, cost, expenses, etc, relating thereto).
RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorised to decide all or any other matter as may be required in this regard and to do all such acts and things as may be necessary to implement this Resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of items 6 to 9 stated above is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from August 17, 1998 to August 31, 1998, both days inclusive, for the purpose of payment of dividend.
4. The dividend as recommended by the Board, if sanctioned at the meeting, shall be paid on or after September 8, 1998, to those members whose names appear in the Register of Members of the Company as on August 31, 1998.
5. Pursuant to Section 205A of the Companies Act, 1956, the dividend remaining unpaid/unclaimed from the 8th dividend for the year ended March 31, 1994 being an amount of Rs. 15,325/- has been transferred to the General Revenue Account of the Central Government during the year. Members who have not encashed dividend warrants for the said period are requested to claim the amount, from the Registrar of Companies, Maharashtra, Hakoba Compound (Bombay Industrial Estate), 2nd floor, Dattaram Lad Marg, Chinchpokli (East), Mumbai 400 033. The dividend remaining unpaid/unclaimed from the 9th dividend for the year ended March 31, 1995 will be due for transfer to the Central Government on November 17, 1998.
6. Members desiring any information on the Accounts are requested to write to the Company Secretary at least ten days before the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
7. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
8. Members are requested to notify the Company of any changes in their address (in full) with the postal area pin code number, quoting their folio numbers.
9. Members holding shares in identical order of names in more than one folio are requested to write to the Registered Office of the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

By Order of the Board of Directors
For MUKAND ENGINEERS LIMITED

A.P.K. CHETTIAR
Company Secretary

Mumbai, July 15, 1998

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 raise funds in the course of offering by way of issue of Securities convertible into Equity Shares at the option of the Company or the holders thereof and/or Securities linked to Equity Shares and/or non-convertible Securities and/or Securities with or without detachable warrants with a right exercisable by the warrant holder to convert or subscribe to Equity Shares and/or any Shares, or otherwise as the Company may be advised (hereinafter collectively referred to as the "Securities") to such persons or investors *inter alia* for financing the growth plans, diversification programmes and capital expenditure as well as to augment long term working capital requirements and for other general corporate purposes.

The proposed issue which may be in one or more tranches, would be for an amount not exceeding Rs. 50 crores.

Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors of a Public Company except with the consent of the Company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. The consent of the members is being sought by Ordinary Resolution to authorise the Board of Directors to mortgage and/or charge of all or any of the immovable and movable properties of the Company wheresoever situate, present and future and/or whole of the undertaking of the Company and to secure an amount not exceeding Rs. 50 crores inclusive of interest, cost, charges, expenses, and all other monies payable by the Company in that behalf to the holders of Securities.

This Resolution gives the necessary authority or authorities as need be to the Board of Directors of the Company for the above purpose. The Board of Directors recommend passing of the Ordinary Resolution.

None of the Directors shall be deemed to be interested in the Resolution.

Re: Item No. 7

The Board of Directors of the Company at their meeting held on June 29, 1998 have, subject to the approval of the Members, appointed Shri K.P. Jotwani, presently the Chief Executive of the Company, as 'Manager' within the meaning of Section 2(24) of the Companies Act, 1956, for a period of 5 years. Shri K.P. Jotwani will be paid remuneration as detailed below. Liberty is also reserved to alter/vary the said terms and conditions in conformity with the requirements of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

Shri K.P. Jotwani aged 55, is a B.E. (Mech.) from M. S. University, Baroda. He joined Mukand Limited in the year 1966 as a Management Trainee and has held various positions in Mukand Limited. He has 32 years of continuous service with Mukand Limited. Prior to joining the Company, he was in-charge of RSPM Project designated as General Manager (Projects) of Mukand Limited.



Shri K.P. Jotwani, the Manager of the Company will be entrusted with substantial powers of the Management and will perform such functions as may, from time to time be decided by the Board of Directors.

The draft agreement between the Company and Shri K.P. Jotwani is 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. The draft Agreement, *inter alia*, contains the following terms and conditions:

Period of Agreement : 5 years effective from July 1, 1998.

- | | |
|--|--|
| a) Basic Salary | : Rs.12,000/- per month in the grade of Rs.4,900/- Rs.13,000/-. |
| b) Dearness Allowance | : Rs. 4,550/- per month. |
| c) House Rent Allowance | : 40% of Basic Salary. |
| d) Special Allowance | : Rs. 7,550/- per month. |
| e) Personal Allowance | : Rs. 6,000/- per month. |
| f) Leave Travel Assistance | : For self and family once in a year incurred in accordance with the Rules specified by the Company. |
| g) Medical Reimbursement | : For self and family in accordance with the Rules specified by the Company. |
| h) Provident Fund | : As per the scheme prevailing in the Company. |
| i) Superannuation Fund | : As per the scheme prevailing in the Company. |
| j) Gratuity | : As per the scheme prevailing in the Company. |
| k) Provision of one Company maintained Telephone at residence. | |
| l) Provision of one Company Car as per the scheme prevailing in the Company. | |
| m) Reimbursement of expenses incurred in respect of his official duties including travelling and entertainment expenses. | |

Minimum Remuneration

In the absence or inadequacy of profits in any financial year, Shri K.P. Jotwani may be paid remuneration by way of salary, perquisites and other allowances not exceeding the ceiling of Rs. 864,000/- per annum or Rs. 72,000/- per month.

The Board, therefore, recommend this Resolution for the approval of the members.

None of the Directors may be deemed to be concerned or interested in passing of this Resolution.

This may be treated as abstract of the terms and conditions governing the appointment of Shri K.P. Jotwani as the Manager of the Company, pursuant to Section 302 of the Companies Act, 1956.

Re : Item No. 8

In terms of the provisions of Section 370 of the Companies Act, 1956, the Company cannot give any guarantee or provide any security in connection with a loan made by any other person to or to any other person by any body corporate except with the approval of the shareholders by a Special Resolution passed at a general meeting of the Company.

In the course of the Company's business, it becomes necessary for the Board of Directors from time to time to give guarantees or provide securities favouring various persons/authorities including Government/semi Government authorities. The Company also gives guarantees or provides security in respect of housing loans to employees of the Company, which may be granted by banks/financial and other institutions.

The Board of Directors, therefore recommend the proposed Resolution for enabling them to extend such guarantees or furnish such securities as may be deemed fit by the Board of Directors from time to time subject to a ceiling of Rs. 30 crores. (Rupees Thirty crores).

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

Re : Item No. 9

As per the provisions of Section 370 of the Companies Act, 1956, the Board of Directors of a Public Limited Company can make any loans, beyond the prescribed ceiling of 30% of the subscribed capital and free reserves, if a Special Resolution is passed by the shareholders of the lending company fixing a limit for the purpose.

In view of the increasing business operations of the Company, the Board of Directors, recommend the proposed Resolution for enabling them for making any loan to other bodies corporate upto a sum not exceeding Rs. 30 crores (Rupees Thirty crores only) respectively at any one time (apart from interest and other incidental charges, cost, expenses, etc., relating thereto).

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

A.P.K. CHETTIAR
Company Secretary

Mumbai, July 15, 1998

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

MUKAND ENGINEERS LIMITED



DIRECTORS' REPORT

TO THE MEMBERS,

1. Your Directors have pleasure in presenting their Twelfth Annual Report and the audited Statement of Accounts of the Company for the year ended March 31, 1998.

2. Financial Results

	Current year Rupees	Previous year Rupees
Profit for the year before tax	64,095,130	65,615,186
Less : Provision for tax	14,288,757	20,089,579
Profit after tax	49,806,373	45,525,607
Less : Prior period adjustments	39,424	1,058,356
Add : Balance brought forward from previous year	23,112,774	15,693,489
Balance available for appropriation	72,879,723	60,160,740
Appropriations :		
To General Reserve	20,000,000	20,000,000
To Proposed Dividend	20,239,921	15,489,151
Tax on Proposed Dividend	2,023,992	1,549,815
Balance carried to Balance Sheet	30,615,810	23,112,774

3. Dividend

The Directors recommend payment of dividend for the year ended March 31, 1998 at Rs. 2/- per share on the increased capital of Rs. 1,18,965,000/- amounting to Rs. 20,239,921/- as against Rs. 2/- per share amounting to Rs. 15,498,151/- in the previous year. Payment of *pro rata* dividend will be made on the share capital subscribed during the year.

4. Operations

4.1. The income from operations, during the year, increased to Rs. 640.2 million compared to Rs. 443.4 million in the previous year registering a growth of about 44% over the previous year, and the profit for the year after tax increased from Rs. 45.5 million to Rs. 49.2 million, an increase of 8% over previous year.

4.2. Various Project Work under execution, include civil works for Hospet Steel, at Ginigera, Karnataka; Civil, Structural work for International Aluminium Products Limited at Angul, Orissa; Fabrication and Piping for Rajasthan Atomic Power Projects at Kota, Rajasthan; 800 KV single circuit transmission line from Kishenpur in Jammu to Moga in Punjab for Power Grid Corporation of India Limited; Raw Water Pond and Piping work for Haldia Petrochemicals Limited; Erection of Raw Materials Handling Plant for SJK Steel, Tadipatri; Fabrication and Erection of Heater for BPCL, Mumbai, etc.

4.3. The Company has entered into an agreement with IBM Global Services to set up an Authorised Training Partner (ATP) Center at Kurla, Mumbai. The ATP Center will impart specialised training for Mainframe and AS/400 Computers. Training center with IBM S/390 mainframe computer and necessary infrastructure is at an advanced stage of completion. The training business is scheduled to commence by August 1998. The Company sees excellent growth potential for its Information Technology Business.

5. Business Prospects

The Company has backlog of orders as on March 31, 1998 worth Rs. 769 million. The Company has submitted bids for various jobs for Petrochemical Plants, Refineries, Aluminium Plant, Steel Plants, etc. There is some delay in finalisation of major infrastructure projects like Power Transmission, Ports, etc. However, in the context of high priority accorded by the Government to the infrastructure sector, the pace of finalisation of infrastructure projects is likely to pickup in due course.

The Company is now registered as Class I Civil Contractor with Maharashtra Jeevan Pradhikaran and MECON. The Company's entry in the field of civil construction arena will give the necessary impetus for its plan to enter the infrastructure development business.

The Company is discussing possible collaboration with a leading foreign Construction Company. The foreign collaboration will give the Company an edge over its competitors.

6. Public Issue

The premium on the Equity Shares issued in the last Public Issue of the Company was reduced from Rs. 30/- to Rs. 15/-. The Call money notices were issued to the allottees of the Equity Shares.

The funds raised by the Public Issue have been utilised for the specified purpose as per the revision subsequent to the reduction of premium. The revised profitability report and the actual working results for the year ended March 31, 1998 are as under :-

(Rs. in Million)

	Actuals	As Projected
Total Income	676	705
Profit before depreciation, interest and taxation	88	97
Profit after taxation	50	59
Dividend	20%	22%
Equity Share Capital	119	119
EPS (Rs.) (Annualised)	4.7	5.6

The shortfall in turnover and profitability of the Company is attributable to liquidity crunch experienced by the corporate sector, general sluggishness in the economy and delay in Project implementation.