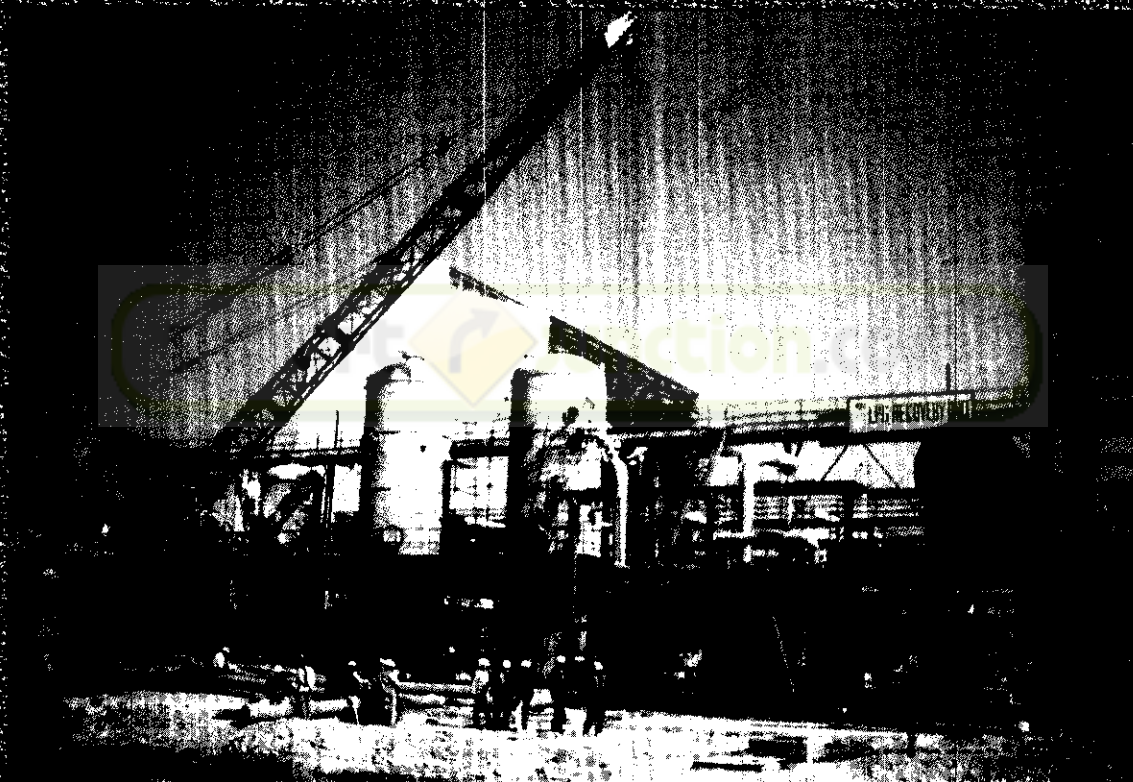


# MUKAND ENGINEERS LIMITED

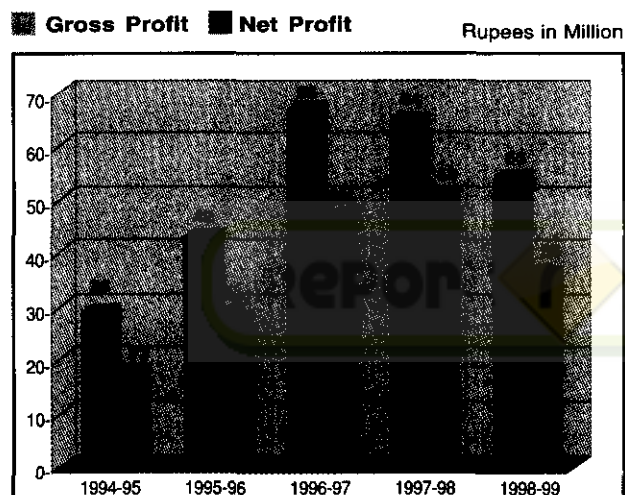


**13TH ANNUAL REPORT 1998-99**

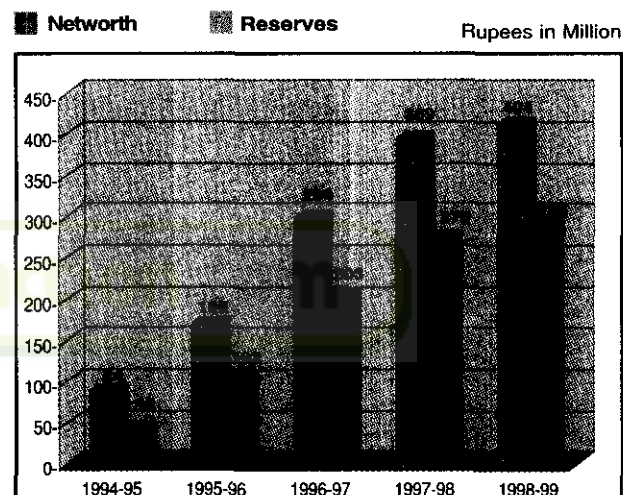
## FIVE YEAR HIGHLIGHTS

	1998-99	1997-98	1996-97	1995-96	1994-95
<b>I. CAPITAL ACCOUNTS</b>					
A. Share Capital	119	119	91	64	42
B. Reserves	285	270	203	102	42
C. Shareholders' Funds (A + B)	404	389	294	166	84
D. Borrowings	123	56	29	4	—
E. Capital Employed (C + D)	527	445	323	170	84
F. Gross Block	182	192	150	58	27
G. Net Block	144	170	134	53	24
H. Debt-Equity Ratio	0.3:1	0.1:1	0.1:1	—	—
<b>II. REVENUE ACCOUNTS</b>					
A. Gross Revenue	467	676	481	214	99
B. Profit before Taxes	53	64	66	42	28
% of Gross Revenue	11	9	14	20	28
C. Profit after Taxes	36	50	45	27	17
% of Gross Revenue	8	7	9	13	17
D. Return on Shareholders' Funds %	9	13	15	16	20
<b>III. EQUITY SHAREHOLDERS' EARNINGS</b>					
A. Earning per Equity Share	3	4	5	4	4
B. Dividend per Equity Share	1.5	2	2	1.6	1.4
C. Equity Dividend	18	20	15	10	6
D. Networth per Equity Share	34	33	32	26	20

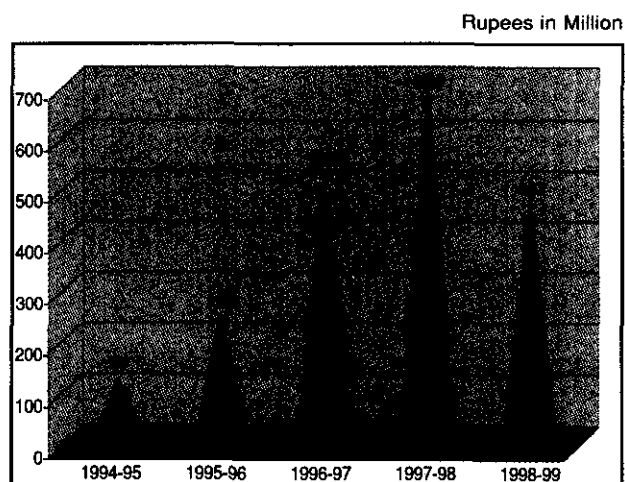
## PROFIT



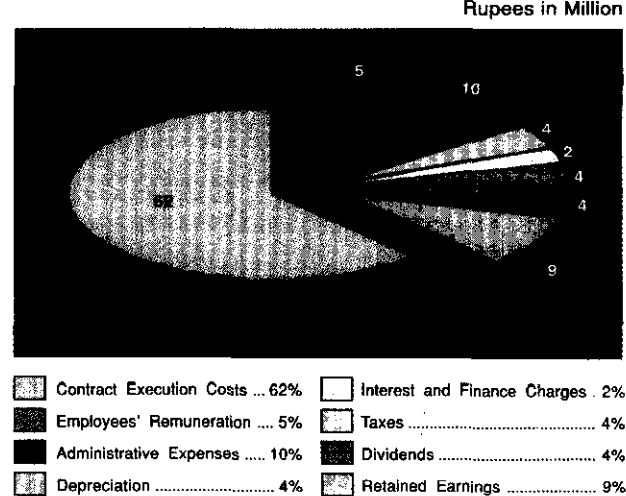
## RESERVES &amp; NETWORTH



## TURNOVER



## DISTRIBUTION OF REVENUE



Cover Page Photograph relates to composite works (mechanical, electrical instrumentation, insulation & painting) for LPG recovery unit for Gas Authority of India Limited, Pata.



**MUKAND ENGINEERS LIMITED****BOARD OF DIRECTORS**

Rajesh 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

**AUDITORS**

Dalal & Shah, *Chartered Accountants*

**SOLICITORS AND ADVOCATES**

Malvi Ranchoddas & Co.

**BANKERS**

ABN Amro Bank N.V.  
 Allahabad Bank  
 HDFC Bank Ltd.  
 State Bank of India

**Annual General Meeting**

on Thursday,  
 16th September 1999  
 at 3.30 p.m.  
 at Kamalnayan Bajaj Hall,  
 Bajaj Bhavan,  
 Jamnalal Bajaj Marg,  
 226, Nariman Point,  
 Mumbai - 400 021.

**REGISTERED OFFICE**

Lal Bahadur Shastri Marg, Kurla (W), Mumbai 400 070.

**REGISTRARS AND TRANSFER AGENT**

Dynamic Superways and Exports Limited  
 Rainbow Palace, I.C. Colony Cross Road No. 5,  
 I.C. Colony, Borivli (W), Mumbai 400 103.

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Shareholders attending the  
 Annual General Meeting  
 are requested to bring with them  
 the enclosed Attendance Slip.



## NOTICE

To the Members,

NOTICE is hereby given that the 13th ANNUAL GENERAL MEETING of the Members of MUKAND ENGINEERS LIMITED will be held on Thursday, the 16th September 1999 at 3.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, 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 31st March 1999 and the Reports of the Board of Directors and the 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 pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner:

#### (I) INSERTION OF ARTICLE 24A

The following new Article 24A be inserted after the present Article 24:

#### Dematerialisation of Securities.

##### Definitions:

##### A. Beneficial Owner

"Beneficial Owner" means a person whose name is recorded as such with a depository;

##### SEBI Board

"SEBI Board" means the Securities and Exchange Board of India;

##### Bye-Laws

"Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

##### Depositories Act

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force;

##### Depository

"Depository" means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

##### Record

"Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by regulations made by the SEBI Board;

##### Regulations

"Regulations" mean the regulations made by the SEBI Board;

##### Security

"Security" means such security as may be specified by the SEBI Board.

#### B. Dematerialisation of securities:

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

#### C. Options to receive security certificates or hold securities with depository:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository;

Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

#### D. Securities in depositories to be in fungible form:

All securities held by a depository shall be dematerialised and shall be in a fungible form;

Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

#### E. Rights of depositories and beneficial owners:

1. Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;

**MUKAND ENGINEERS LIMITED**

2. Save as otherwise provided in 1 above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it;
3. Every person holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.

**F. Depository to furnish information:**

Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

**G. Option to opt out in respect of any security:**

If a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly;

The depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company;

The Company shall, within thirty (30) days of receipt of intimation from the depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

**H. Sections 83 and 108 of the Act not to apply:**

Notwithstanding anything to the contrary contained in the Articles:

1. Section 83 of the Act shall not apply to the shares held with a depository;
2. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

**I. Register and Index of beneficial owners:**

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, shall be deemed to be an Index of Members and Register and Index of Debenture holders as the case may be for the purposes of the Act.

**(II) INSERTION OF ARTICLE 59A**

The following new Article 59A be inserted after the present Article 59:

**Nomination**

Notwithstanding anything stated in Articles 57, 58 and 59, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of Companies Act, 1956, and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder/s. Any nominations so made shall be dealt with by the Company in accordance with the provisions of Section 109B of Companies Act, 1956."

7. 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 372A and other applicable provisions, if any, of the Companies Act, 1956, or any other amendment or statutory re-enactment thereof and subject to the such other approvals, consent, permission or sanctions, if any, required from any other body or authority in this regard, approval of members be and is hereby accorded to the investment not exceeding Rs. 20 million (Rupees Twenty million only) in one or more tranches in the shares of Stainless India Limited by way of subscription, purchase or otherwise by the Company, at a price to be determined on valuation to be done by a firm of reputed Chartered Accountants or Rs. 35/- per share whichever is lower.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to determine the actual sum or sums to be so invested within the above limits and determine the time and manner of such investment and the time or times for such investment."

**NOTES:**

1. 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.

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, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 9th September 1999 to Thursday, the 16th September 1999 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 16th September 1999, to those members whose names appear in the Register of Members of the Company as on 16th September 1999.



5. The unclaimed dividends for the financial year ended 31st March 1994 and previous years declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. 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. In terms of Section 205C introduced by the Companies (Amendment) Act, 1999, read with Section 205A of the Companies Act, 1956, as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March 1995 or any subsequent year are advised to submit their claim to the Company immediately quoting their folio numbers.
6. A recent amendment to the Companies Act, 1956, has introduced provisions for nomination by the holders of Shares, Debentures and Fixed Deposits. A format of the Nomination Form is attached to this Annual Report. The Members may take advantage of this facility.
7. Electronic Clearing Service (Credit Clearing) – ECS is a new method of payment of dividend, interest, etc., whereby the amount due to investors can directly be credited into their bank accounts, without having to issue paper instruments. It is efficient, fast and there is no scope for loss of dividend warrants in transit and possible fraudulent encashment.  
  
ECS is presently available in Ahmedabad, Bangalore, Bhubneshwar, Calcutta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Pune and Thiruvananthapuram. Shortly to be added: Agra, Allahabad, Amritsar, Bhopal, Coimbatore, Dehradun, Durgapur, Faridabad, Ghaziabad, Hubli, Lucknow, Kochi (Cochin), Kolhapur, Jamshedpur, Ludhiana, Madurai, Mangalore, Nashik, Panaji, Rajkot, Shimla, Siliguri, Surat, Trichur, Trichy, Vadodara, Varanasi, Vijaywada and Vishakapatnam.  
  
The Company intends to offer its Members the option of availing the ECS facility for payment of dividend from year 1999, if sufficient number of Members opt for the facility. The Members having their bank accounts in banks coming within the cheque clearing zones at the above centres and desiring to avail this facility may please complete the ECS Mandate Form attached herewith and send it to the Registrars and Transfer Agent of the Company (Registrars). Thereafter changes, if any, in the bank account particulars, may be advised in writing to the Registrars to update the records. The option to receive dividend through ECS may be discontinued at any time thereafter, if so desired, by the Members at their option.
8. Bank Mandate Form containing details of bank account particulars for purposes of ensuring safety in payment of dividend to the Members is attached. Members are requested to complete it and mail it immediately to the Registrars to enable them to incorporate the details on the Dividend Warrant. Notify any changes in particulars, thereafter to the Registrars from time to time.
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.
10. 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.
11. The 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.
12. The Company's securities are listed at: (1) The Stock Exchange, Mumbai, (Regional Stock Exchange), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 and (2) The Delhi Stock Exchange Association Limited, 3 & 4/4B, Asaf Ali Road, New Delhi 110 012. The annual listing fees as prescribed has been paid to each of these Stock Exchanges.
13. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the Meeting. They are also requested to bring their copies of the Annual Report. Copies of the Annual Report would not be distributed at the Meeting.

By Order of the Board of Directors  
For MUKAND ENGINEERS LIMITED

A.P.K. CHETTIAR  
Company Secretary

Mumbai, 26th July 1999

Registered Office:  
Lal Bahadur Shastri Marg,  
Kurla, Mumbai 400 070.



## MUKAND ENGINEERS LIMITED

### ANNEXURE TO NOTICE

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

#### Re: Item No. 6

- (I) With the enactment of the Depositories Act, 1996, and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced, briefly stating the frame work of the System of Depository as per the provisions of the Depositories Act, 1996, with a view to facilitating operation of the Depository System. In view of this, consequent changes are required to be incorporated in the Articles of Association of the Company by inserting a new Article 24A so as to be in line with the amended provisions of the Companies Act, 1956, read with the provisions of the Depositories Act, 1996.
- (II) The Companies (Amendment) Act, 1999, has, *inter alia*, made a provision through Section 109A whereby a holder or joint holders of shares can nominate a person to whom all the rights in the shares or debentures of a Company shall vest in the event of the death of such holder/s. Such a nominee can elect either to be registered himself as the holder of the shares or debentures or make such transfer of the shares or debentures as the deceased holder/s of shares or debentures could have made. It is, therefore, proposed to incorporate a new article in the Articles of Association of the Company providing for nomination facility in accordance with the provisions of Sections 109A and 109B of the Companies Act, 1956.

The Special Resolution at Item No. 6 is, therefore proposed pursuant to Section 31 of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the Resolution except to the extent of their respective shareholding, if any, in the Company.

The Articles of Association of the Company referred above together with the proposed alteration is available for inspection of the Members at the Company's Registered Office during the business hours on any working day.

#### Re: Item No. 7

The Company has made investments in shares of Bodies Corporate and has also given loans and provided guarantee to a financial institution for the borrowings availed by a Body Corporate. The Company has invested a sum of Rs. 27,105,850 in 770,600 Equity Shares of Stainless India Limited, (SIL), representing 5.57% of the total paid up share capital of SIL. The Company has plans to make further investments up to Rs. 20 million in SIL, the shares will be bought as per the valuation to be done by a firm of reputed Chartered Accountants or Rs. 35/- per share whichever is lower. Purchase/subscription of shares will be financed by internal accruals.

Under Section 372A of the Companies Act, 1956, the Board of Directors of the Company shall not make further inter-corporate investments and give further loans and guarantees if the existing investments made and loans and guarantees given together with the further investments to be so made and loans and guarantees to be so given exceed 60% of the paid-up capital and free reserves or 100% of the free reserves of the Company, whichever is more, unless prior approval and authorisation of the Members by a Special Resolution is obtained in the matter.

As per the latest audited balance sheet of your Company as on 31st March 1999, the new cut off limit under the said Section 372A, up to which the Board of Directors of the Company can make inter-corporate investments, give loans and guarantees without prior approval of Members as aforesaid is Rs. 283,996,221 being 100% of free reserves of your Company. Against these permissible limits, the total of guarantee and loans given and investments made is Rs. 283,324,465, which is within the limits. However, it is necessary to obtain the approval of Members to the proposed investment in the shares of SIL.

SIL is a company incorporated and registered under the Companies Act, 1956, and is currently engaged in manufacturing stainless steel and alloy steel and is located at Jodhpur in the State of Rajasthan. SIL also produces stainless steel for fast growing household appliances and utensils sector for which the biggest customer base is at Jodhpur. The performance of SIL is impressive and it is likely to make profit in the year 1999-2000.

Mukand Limited, the Promoter Company has already invested a sum of Rs. 130.57 million in SIL, by subscribing/acquiring to 6,097,200 Equity Shares of Rs. 10/- each in its total subscribed capital of 13,827,600 Equity Shares, representing 44% of the paid-up capital thereof.

It will be advantageous for the Company to invest in the share capital of SIL in the interest of the Group investment. Your approval is sought to authorise the Board of Directors of the Company to invest in the Equity Shares of SIL as indicated in the said Resolution.

Shri Rajesh V. Shah, Director of the Company through his relative Shri Suketu V. Shah, may be deemed to be interested in the Resolution.

No other Director of the Company is concerned with or interested in the Resolution.

By Order of the Board of Directors  
For MUKAND ENGINEERS LIMITED

A.P.K. CHETTIAR  
Company Secretary

Mumbai, 26th July 1999

Registered Office:  
Lal Bahadur Shastri Marg,  
Kurla, Mumbai 400 070.