



## MUKAND ENGINEERS LIMITED

'Give me a  
firm place to  
stand and I  
will move the  
earth'  
Archimedes

**14th Annual Report 1999-2000**

(Rupees in Millions)

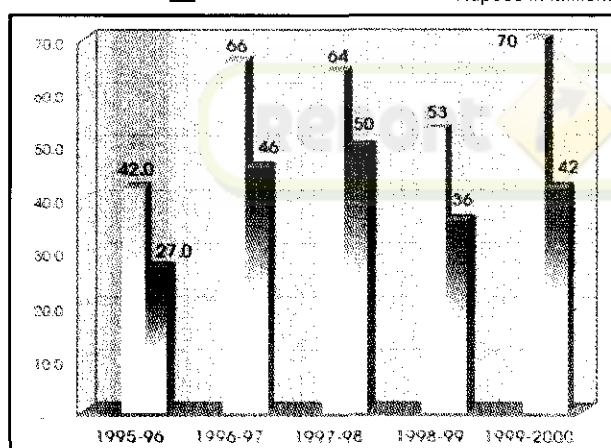
**FIVE YEAR HIGHLIGHTS**

|   | 1999-2000 | 1998-99 | 1997-98 | 1996-97 | 1995-96 |
|---|-----------|---------|---------|---------|---------|
| <b>I. CAPITAL ACCOUNTS</b>                |           |         |         |         |         |
| A. Share Capital                          | 119.0     | 119.0   | 119.0   | 91.5    | 63.9    |
| B. Reserves                               | 301.0     | 285.0   | 270.0   | 202.7   | 102.1   |
| C. Shareholders' Funds (A+B)              | 420.0     | 404.0   | 389.0   | 294.2   | 166.0   |
| D. Borrowings                             | 132.0     | 123.0   | 56.2    | 28.9    | 3.9     |
| E. Capital Employed (C+D)                 | 552.0     | 527.0   | 445.1   | 323.1   | 169.9   |
| F. Gross Block                            | 196.0     | 182.0   | 192.2   | 149.8   | 58.1    |
| G. Net Block                              | 141.0     | 144.0   | 170.3   | 133.8   | 53.1    |
| H. Debt-Equity Ratio                      | 0.31:1    | 0.3:1   | 0.1:1   | 0.1:1   | 0.02:1  |
| <b>II. REVENUE ACCOUNTS</b>               |           |         |         |         |         |
| A. Gross Revenue                          | 627.0     | 467.0   | 676.2   | 480.7   | 213.7   |
| B. Profit before Taxes                    | 70.0      | 53.0    | 64.1    | 65.6    | 41.5    |
| % of Gross Revenue                        | 11.2      | 11.3    | 9.5     | 13.6    | 19.4    |
| C. Profit after Taxes                     | 42.0      | 36.0    | 49.8    | 45.5    | 27.3    |
| % of Gross Revenue                        | 6.7       | 7.7     | 7.4     | 9.5     | 12.8    |
| D. Return on Shareholders Funds %         | 10.0      | 8.9     | 12.8    | 15.5    | 16.5    |
| <b>III. EQUITY SHAREHOLDERS' EARNINGS</b> |           |         |         |         |         |
| A. Earning per Equity Share               | 3.5       | 3.0     | 4.2     | 5.0     | 4.3     |
| B. Dividend per Equity Share              | 2.0       | 1.5     | 2.0     | 2.0     | 1.6     |
| C. Equity Dividend                        | 24.0      | 18.0    | 20.2    | 15.5    | 9.8     |
| D. Networth per Equity Share              | 35.3      | 34.0    | 32.7    | 32.2    | 26.0    |

**PROFIT**

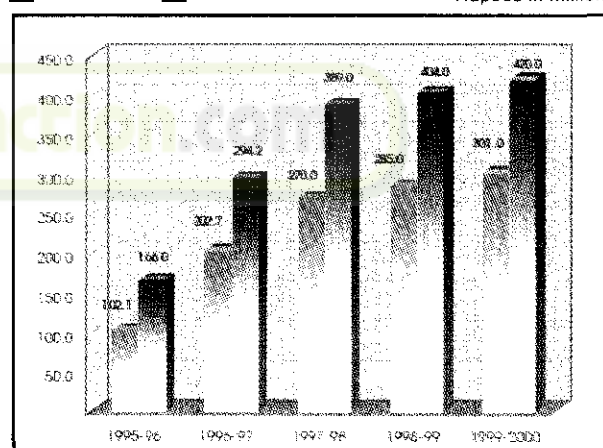
Gross Profit ■ Net Profit

Rupees in Millions

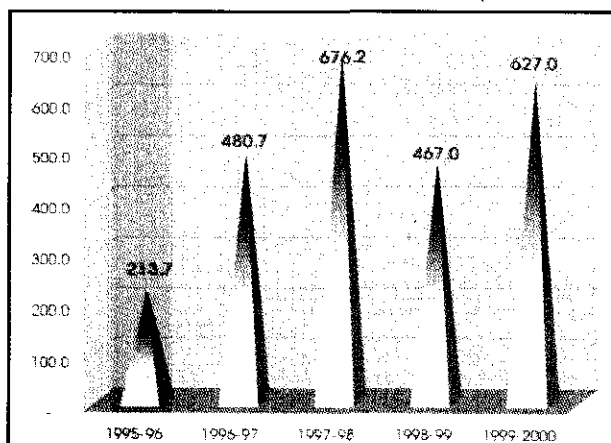
**RESERVES & NETWORTH**

Reserves ■ Net Worth

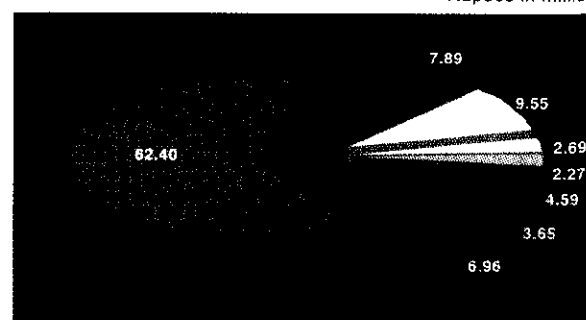
Rupees in Millions

**TURNOVER**

Rupees in Millions

**DISTRIBUTION OF REVENUE**

Rupees in Millions



|                          |        |                              |       |
|--------------------------|--------|------------------------------|-------|
| Contract Execution Costs | 62.40% | Interest and Finance Charges | 2.27% |
| Employees Remuneration   | 7.89%  | Taxes                        | 4.59% |
| Administrative Expenses  | 9.55%  | Dividends                    | 3.65% |
| Depreciation             | 2.69%  | Retained Earnings            | 6.96% |



## MUKAND ENGINEERS LIMITED

### BOARD OF DIRECTORS

Rajesh V. Shah, Chairman  
Niraj Bajaj  
D. S. Mulla  
D. S. Mehta  
Prakash V. Mehta  
S. K. Ahluwalia  
K.P. Jotwani

### MANAGER OF THE COMPANY AND CHIEF EXECUTIVE

R. Sankaran

### 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.  
ICICI Bank Ltd.  
State Bank of India  
UTI Bank Ltd.

### REGISTERED OFFICE

Lalbahadur Shastri Marg, Kurla, 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.

### ANNUAL GENERAL MEETING

on Monday,  
11th September, 2000  
at 3.30 p.m.  
at Kamalnayan Bajaj Hall,  
Bajaj Bhavan, Jamnalal Bajaj Marg,  
226, Nariman Point, Mumbai 400 021.

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

### C O N T E N T S

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# NOTICE

To the Members,

NOTICE is hereby given that the 14th ANNUAL GENERAL MEETING of the Members of MUKAND ENGINEERS LIMITED will be held on Monday, the 11th September, 2000 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, 2000 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Niraj Bajaj, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Prakash V. 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 a Ordinary Resolution:

"RESOLVED that Shri K. P. Jotwani be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to Sections 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956, subject to the approvals as may be necessary, the Company hereby approves the appointment of Shri R. Sankaran, 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 1st April, 2000 upon the terms and subject to the conditions as set out in the Agreement between the Company and Shri R. Sankaran 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 R. Sankaran in the best interest of the Company subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER that Shri R. Sankaran 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 R. Sankaran will be Chief Executive of the Company."

8. To consider and, if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolutions:

(a) "RESOLVED that in supersession of the resolution passed by the members in the Extraordinary General Meeting of the Members held on 16th November, 1994, the Authorised Share Capital of the Company be and is hereby reclassified as Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 5,00,000

(Five Lac) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each."

- (b) "RESOLVED that Clause V of the Memorandum of Association of the Company be amended by substituting therefor the following clause:

The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 5,00,000 (Five Lac) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each. The Company has power, from time to time, to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, preferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf."

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

RESOLVED that Article 3 of the Articles of Association of the Company be amended by substituting therefor the following new Article.

### Article 3

"RESOLVED that Article 3 of the Articles of Association of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 5,00,000 (Five Lac) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each. The Company has power, from time to time, to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, preferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf."

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

"RESOLVED that pursuant to section 81 (1A) and any other applicable provisions, if any, of the Companies Act, 1956, and relevant provisions of the Memorandum of and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the Company's securities are listed and subject to any necessary approval, consent, permission and/or sanction of the Government of India or its agencies, Reserve Bank of India, Securities and Exchange Board of India, and any other appropriate authorities, institutions or bodies (hereinafter referred to as the "the Authorities") and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission, or sanction, the Board of Directors and any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this Resolution (hereinafter referred to as the "Board") be and

is hereby authorized to issue, offer and allot equity shares and/or warrants and/or convertible debentures on preferential basis for consideration other than cash in full or part payment of the consideration payable by the Company to sellers of businesses/facilities, (hereinafter referred to as "Sellers") to be acquired by the Company towards expansion of the Infotech Division of the Company subject to the following conditions:-

- i) that the aggregate of the capital to be issued in pursuance of this Resolution shall not be more than 15% of the paid-up capital of the Company;
- ii) that each such allotment shall not exceed 5% of the issued capital of the Company or such other lesser percentage which together with any acquisition of shares of the Company within 12 months preceding the allotment in pursuance of this Resolution by such allottee does not exceed 5% of the issued capital of the Company.

RESOLVED FURTHER that the equity shares and/or warrants and/or convertible debentures shall be issued at a price in consonance with the guidelines /regulations for the time being of Securities and Exchange Board of India in that behalf.

RESOLVED FURTHER that the equity shares shall be subject to Memorandum and Articles of Association of the Company and they shall rank pari passu in all respects with the existing equity shares of the Company except that they shall be entitled to dividend, if any, which may be declared or paid for the financial year in which they are allotted, in proportion to the amount paid up on the equity shares and pro-rata for the period commencing from the date following the date of allotment till the end of the financial year of the Company.

RESOLVED FURTHER that the Board be and is hereby authorized to make or accept such amendments, modifications, variations and alterations as the Authorities may stipulate in that behalf and to amend, modify, vary or alter all or any of the terms of the issue, to be made on preferential basis to the sellers accordingly.

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and give all such directions as may be necessary or desirable and also to settle any query or difficulty that may arise in regard to the offer, issue and allotment of equity shares and/or warrants and/or convertible debentures and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in this connection."

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

"RESOLVED that pursuant to section 81(1A) and any other applicable provisions, if any, of the Companies Act, 1956 and relevant provisions of the Memorandum of and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the Company's securities are listed and subject to any necessary approval, consent, permission and/or sanction of the Government of India or its agencies, Reserve Bank of India, Securities and Exchange Board of India, and any other appropriate authorities, institutions or bodies (hereinafter referred to as the "the Authorities") and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission, or sanction, the Board of Directors and any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this

Resolution (hereinafter referred to as the "Board") be and is hereby authorized to issue, offer and allot equity shares and/or warrants on preferential basis to Strategic Investors/Venture Capital Funds/Mutual Funds/Institutional investors subject to the following conditions:-

- i) that the aggregate of the capital to be issued in pursuance of this Resolution shall not be more than 15% of the paid-up capital of the Company;
- ii) that each such allotment shall not exceed 5% of the issued capital of the Company or such other lesser percentage which together with any acquisition of shares of the Company within 12 months preceding the allotment in pursuance of this Resolution by such allottee does not exceed 5% of the issued capital of the Company.

RESOLVED FURTHER that the equity shares and/or warrants shall be issued at a price in consonance with the guidelines /regulations for the time being of Securities and Exchange Board of India in that behalf.

RESOLVED FURTHER that the equity shares shall be subject to Memorandum and Articles of Association of the Company and they shall rank pari passu in all respects with the existing equity shares of the Company except that they shall be entitled to dividend, if any, which may be declared or paid for the financial year in which they are allotted, in proportion to the amount paid up on the equity shares and pro-rata for the period commencing from the date following the date of allotment till the end of the financial year of the Company.

RESOLVED FURTHER that the Board be and is hereby authorized to make or accept such amendments, modifications, variations and alterations as the Authorities may stipulate in that behalf and to amend, modify, vary or alter all or any of the terms of the issue, to be made on preferential basis to the sellers accordingly.

RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorized to take all such actions and give all such directions as may be necessary or desirable and also to settle any query or difficulty that may arise in regard to the offer, issue and allotment of equity shares and/or warrants and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in this connection."

#### 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, is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th August, 2000 to 31st August, 2000 both days inclusive for the purpose of Annual General Meeting for the year ended 31st March, 2000.
4. 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.

- 5 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.
- 6 In terms of Notification no. SMDRP/POLICY/CIR/2000, dated 29-5-2000, issued by the Securities Exchange Board of India (SEBI) shareholders may kindly make note that trading in equity shares of the Company have come under compulsory dematerialisation form with effect from 24th July, 2000.
- 7 The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). This will

enable members to select the depository of their choice for holding and dealing in shares in electronic form.

- 8 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.
- 9 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.
- 10 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**

Mumbai  
2nd August, 2000

**A. P. K. CHETTIAR**  
Company Secretary

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

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

##### **Re: Item No. 6**

Shri K. P. Jotwani was appointed as Additional Director of the Company under Article 117 of the Articles of Association of the Company, read with Section 260 of the Companies Act, 1956, Shri K. P. Jotwani holds office only up to the forthcoming Annual General Meeting.

Notice has been received from a Member under Section 257 of the Companies Act, 1956, together with the requisite deposit proposing Shri K. P. Jotwani as a candidate for the office of the Director. The Board recommends the appointment of Shri K.P. Jotwani to the office of the Director. Except Shri K. P. Jotwani, none of the other Directors are interested in the Resolution.

##### **Re: Item No. 7**

The Board of Directors of the Company at their meeting held on 5th April, 2000 have, subject to the approval of the Members appointed Shri R. Sankaran, as the Chief Executive and Manager of the Company effective 1st April, 2000 for a period of 5 years. Shri R. Sankaran 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 R. Sankaran aged 50 years is a Mechanical Engineer from the Government College of Engineering, Salem and has Post Graduate Diploma in Management from the Indian Institute of Management, Calcutta. He joined Mukand Limited in the year 1972 as a Diploma Engineer and has held various positions in Mukand Limited. He has 28 years of continuous service with Mukand Limited. Prior to joining the Company, he was in-charge of the Special Projects designated as General Manager (Special Projects) of Mukand Limited.

Shri R. Sankaran, 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 R. Sankaran 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 up to 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 1st April 2000.

- a) Basic Salary:  
Rs.9,500/- per month in the grade of Rs.4,900- Rs.13,000/-
- b) Dearness Allowance: Rs. 5,200/- per month. Termed as Compensatory Allowance that is variable as per the scheme prevailing in the Company.
- c) House Rent Allowance: 40% of Basic Salary.
- d) Special Allowance: Rs. 7,800/- per month to be reviewed at the discretion of the Board of Directors of the Company.
- e) Personal Allowance: Rs. 2,200/- per month to be reviewed at the discretion of the Board of Directors of the Company.
- f) Provision of one Company Car as per the scheme prevailing in the Company and reimbursement of expenses towards services of a driver as per the scheme prevailing in the Company.
- g) Provision of one Company maintained Telephone at residence.
- h) Leave Travel Assistance: For self and family once in a year incurred in accordance with the Rules specified by the Company.
- i) Medical Reimbursement: For self and family in accordance with the rules specified by the Company.
- j) Reimbursement of expenses towards (i) Attire/Uniform (ii) Fee for Credit Card (iii) Hostel fee/Tuition in respect of one child (iv) House furniture repairs (v) Soft Furnishing (vi) Books and Periodicals (vii) Subscription to club memberships, etc., as per the scheme prevailing in the Company.
- k) Provident Fund: As per the scheme prevailing in the Company.
- l) Superannuation Fund: As per the scheme prevailing in the Company.



- m) Gratuity: As per the scheme prevailing in the Company.
- n) Provision of furniture on hire as per the scheme prevailing in the Company, replaceable every five years in accordance with the rules of the Company.
- o) Annual Bonus as declared for other senior executives of the Company.
- p) Leave with full pay as per the rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
- q) The hospitalisation and medical insurance and Personal Accident Insurance Policy in accordance with the scheme applicable to the Senior Executives.
- r) 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 R. Sankaran may be paid remuneration by way of salary, perquisites and other allowances not exceeding ceiling of Rs. 12,00,000/- per annum or Rs.1,00,000/- per month and in addition thereto the perquisites not exceeding the limits specified above.

#### Transfer of balance of perquisites

The balance of perquisites as listed at 1(h) to (p) and benefits including leave of absence, that is to say casual leave, sick leave and privilege leave as available or remaining unutilised in Mukand Limited as at the close of 31st March, 2000 shall be available to the Chief Executive as the opening balance in the relevant account as the Company has taken over the liabilities in this behalf.

#### Memorandum of Interest

Except Shri R. Sankaran, none of the Directors of the Company are, in any way concerned or interested in the Resolution.

This Resolution is commended for the approval of the Members.

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

#### Re: Item No. 8 and 9

The Authorised Share Capital of the Company, at present is Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 10,00,000 (Ten Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each. The present paid up Share Capital of the Company is Rs. 11,97,65,250/-.

To implement the Resolutions under Item Nos. 10 and 11 of the Notice and to issue the equity shares of the Company for its proposed expansion, the Board of Directors of the Company (the Board) recommends the reclassification in the Authorised Share Capital of the Company to Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,00,00,000 (Two Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 5,00,000 (Five Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred Only) each.

The proposal for the reclassification in the Authorised Share Capital will require the approval of the Members in accordance with Section 94 of the Companies Act, 1956. The Ordinary Resolution set out in Item no. 8 of the Notice is intended to obtain such approval and the Board recommends passing of the Resolution.

The new Article 3 indicated in the Special Resolution set out in Item No. 9 of the Notice is intended to reflect the

reclassified Authorised Share Capital of the Company. The Board recommends the passing of the Special Resolution. None of the Directors are interested in the Resolutions.

#### Re: Item No. 10

The Company's business is carried on under two divisions viz. Engineering Services Division and Infotech Division (known as Mukand Infotech Division). The Infotech Division is primarily engaged in:

- (a) Training in E-Commerce, IBM ACE and Linux, S-390, AS-400;
- (b) It has tied up with Magic Infotech, Israel Company for training software development for export and using their products.
- (c) It provides ERP training for ERP consulting business, etc.

Looking to the profitability and growth of the information technology industry, it is proposed to expand activities of Mukand Infotech Division by acquiring businesses / facilities from one or more entities that possess businesses in software development / consultancy, data processing, accounting system on Enterprise Resource Planning (ERP), Computer Aided Graphics (CAD) and production planning control system, services to investors such as shareholders, debenture holders, fixed depositors.

The proposed acquisition will enable the company to get synergical benefits and expand its businesses in information technology and its allied areas.

The consideration that will be negotiated by the Company and agreed to be paid, is proposed to be paid in the form of cash and/or by issue of equity shares and/or issue of share warrants and/or issue of convertible debentures for the equivalent amount. The price of the shares to be such as is mutually agreed upon between the Board and the Sellers, but in no case at a price lower than that arrived at in pursuance to Securities and Exchange Board of India (SEBI) regulations in this regard. None of the Directors are interested in the above resolution.

#### Re: Item No. 11

To augment the capital resources of the Company, the Board of Directors propose to issue equity shares and / or warrants convertible into equity shares to strategic investors / venture capital funds / mutual funds / institutional investors etc.

The detailed terms and conditions of the issue / offer will be determined in consultation with merchant bankers / advisors / consultants / solicitors in terms of the guidelines / approvals of the Government and other authorities as may be necessary for the purpose.

The approval of the members by way of special resolution is being sought having regard to the provisions of Section 81 of the Companies Act 1956, listing agreements with the respective stock exchanges and the prevailing guidelines, rules and regulations as applicable to the issue.

The price of the shares to be such as is mutually agreed upon between the Board and the strategic investors / venture capital funds / mutual funds / institutional investors etc. but in no case at a price lower than that arrived at in pursuance to Securities and Exchange Board of India (SEBI) regulations in this regard.

None of the Directors are interested in the above resolution.

By Order of the Board of Directors  
For **MUKAND ENGINEERS LIMITED**

Mumbai  
2nd August, 2000

**A. P. K. CHETTIAR**  
Company Secretary

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

## DIRECTORS' REPORT

### TO THE MEMBERS,

1. Your Directors have pleasure in presenting their Fourteenth Annual Report and the audited Statement of Accounts of the Company for the year ended 31st March, 2000.

### 2. Financial Results

|   | Current Year<br>Rupees | Previous year<br>Rupees |
|---|------------------------|-------------------------|
| Profit for the year before tax                                    | 69,897,110             | 52,649,686              |
| Less: Provision for tax   | 27,532,398             | 16,688,965              |
| Profit after tax  | 42,364,712             | 35,960,721              |
| Prior period adjustments  | (592,372)              | (868,933)               |
| Add: Balance brought forward from previous year                   | 30,739,389             | 30,615,810              |
| Add: Excess/(Short) Provision for tax in respect of earlier years | (1670)                 | 2,134                   |
| Balance available for appropriation                               | 72,510,059             | 65,709,732              |
| Appropriations:   |                        |                         |
| To General Reserve  | 15,000,000             | 15,000,000              |
| Interim Dividend  | 23,988,400             | Nil                     |
| Tax on Interim Dividend   | 26,38,724              | Nil                     |
| To Proposed Dividend  | Nil                    | 17,991,300              |
| Tax on Proposed Dividend  | Nil                    | 1,979,043               |
| Balance carried to Balance Sheet                                  | 30,882,935             | 30,739,389              |

### 3. Dividend

The Directors recommend that the interim dividend of Rs 2.00 per share (20%) paid on 26th May, 2000 for the year ended 31st March, 2000 be considered as payment of final dividend as against Rs.1.50 per share in the previous year.

### 4. Operations

- 4.1. The income from operations during the year has increased to Rs. 547.6 million compared to Rs.457.4 million in the previous year registering a growth of about 20% over the previous year and the profit for the year after tax has increased from Rs. 35.96 million to Rs. 42.36 million, an increase of 18% over the previous year.
- 4.2. The Company has consolidated its position by bagging orders worth Rs. 457.78 million during the year.
- 4.3. Major projects completed during the year were the Civil works for 22 MW Power Plant for Wartsila NSD, Composite works (mechanical, electrical instrumentation, insulation & painting) for LPG recovery unit for Gas Authority of India Limited at Pata, Uttar Pradesh, Mechanical works for the CRU project and two

major shutdown works being the FCC revamp and VDU revamp phase III at IOCL, Mathura. The projects under execution include Civil, Structural, and Erection works at various sites across the Country, namely at Jajpur, Talcher, and Duburi in Orissa, Simhadri in Andhra Pradesh, Sameerwadi in Karnataka, Gorewada in Maharashtra, Korba in Madhya Pradesh, Gandhar in Gujarat and Mathura in Uttar Pradesh. The clientele include Bharat Heavy Electricals Limited, Indian Oil Corporation Limited, Gas Authority of India Limited, Bharat Aluminium Company Limited, SAIL-Rourkela Steel Plant, Konark Metcoke Limited, Neelachal Ispat Nigam Limited, Degremont India Limited, Siemens Limited, BSES Limited, National Aluminium Company Limited, EPI Limited, Uhde India Limited, etc.

- 4.4. The Company tied up with IBM in 1998 and set up an Authorised Training Centre at Kurla for high-end computer training. As planned the Training Centre has expanded its activities and is now providing training in e-Commerce, Linux and IBM ACE curriculum. We have also tied up with MAGIC Infotech; an Israel based company, to provide authorised training for their application development tools. The quality of training has been maintained at the highest level, achieving the rating as one of the best institutes within the training industry. We have received excellent support from the corporate clients to our training institute. There is an overwhelming response to our ERP training and we have completed 3 batches and have trained 42 participants. We have recruited some of them to work as consultants in the area of ERP implementation. We are considering expansion of our training activities by developing centres in and around Mumbai. We have also initiated software development and consulting services and have created an infrastructure at Kurla for the expansion plans.

### 5. Business Prospects

The Company has backlog of orders as on 31st March, 2000 worth Rs. 740.61 million. The Company has bagged larger volume of business signalling the revival of industrial construction action. The Hydrocarbon, Power and the infrastructure projects are expected to take-off in the context of high priority accorded by the Government.

The Company has submitted bids for various jobs for Petrochemical Plants, Refineries, Nuclear Power Projects, Aluminium plant, Steel Plants, Power Plants, Water Plants, etc. The Company has identified the scope of business in the Highway projects, in terms of the country's growing demand for improving its infrastructure. The World Bank and several other international bodies have expressed interest and support in funding these projects. The Company is identifying and firming up need-based technical collaborations/ tie-ups for joint bidding with overseas companies in the fields of EPC contracts and cross-country pipeline business for the Petrochemical sector and Material handling system for the Coal Handling Plants, Power Plants, Salt Handling Plants.