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MUKAND ENGINEERS LIMITED

20th Annual Report

2005-2006

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Mukand Engineers Limited

BOARD OF DIRECTORS

Rajesh V. Shah, *Chairman*
Niraj Bajaj
D. S. Mulla
Prakash V. Mehta
T. S. Anand

MANAGER

K. P. Jotwani

COMPANY SECRETARY

P. R. Dhruva

AUDITORS

Dalal & Shah, Chartered Accountants

REGISTERED OFFICE

Bajaj Bhavan, Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai 400 021.

REGISTRAR AND TRANSFER AGENTS

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Andheri (East), Mumbai 400 072.

ANNUAL GENERAL MEETING
on Thursday,
20th July, 2006
3.30 p.m.
at
Kamalnayan Bajaj Hall,
Bajaj Bhavan, Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai 400 021.

A Request :
As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copy of the Report to the meeting.

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NOTICE

NOTICE is hereby given that the 20th ANNUAL GENERAL MEETING of the Members of the Company will be held on **Thursday, the 20th day of July, 2006 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 as at 31st March, 2006 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajesh V. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Prakash V. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Dalal & Shah, Chartered Accountants, retiring Auditors of the Company who are eligible for re-appointment for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES FOR MEMBERS' ATTENTION:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from July 18, 2006 to July 20, 2006, (both days inclusive) for the purpose of Annual General Meeting.
3. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Those Members who have so far not claimed their dividends upto the said period are requested to claim the amount by submitting an application in prescribed Form II to the Registrar of Companies, Maharashtra.,

   Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividend for the year 1997-98 has been transferred to the Investors' Education and Protection Fund (the Fund) set up by the Central Government. The said Section further provide that amounts remaining unclaimed for a period of seven years from the date of payment shall be transferred to the said Fund. Members are requested to note that no claims shall thereafter lie against the said Fund or the Company in respect of the said amount so transferred.

   Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March, 1999 or any subsequent year/s are advised to submit their claim to the Company immediately quoting their folio numbers failing which the amount will be transferred to the said Fund pursuant to the provisions of Section 205C of the Companies Act, 1956.
4. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change or address, change in name etc. to their Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the Members.
5. The Company's Equity Shares are listed on The Stock Exchange, Mumbai and The National Stock Exchange of India Ltd., Mumbai.

By Order of the Board
For Mukand Engineers Limited

P. R. Dhruva
Company Secretary

Place : Mumbai
Date : May 19, 2006

Registered Office
Bajaj Bhavan,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai - 400 021

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DIRECTORS' REPORT

TO THE MEMBERS,

1. Your Directors present the Twentieth Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March 2006.

2. Financial Results

(Rs. in Millions)

	Current Year	Previous Year
Profit/(Loss) for the year before tax	**10.35**	(38.76)
Add/(Less): Provision for tax (including deferred tax)	**4.89**	7.14
Profit / (Loss) after tax	**15.24**	(31.62)
Add/(Less) : Prior period adjustments	**(0.25)**	1.29
Add/(Less): Balance brought forward from previous year	**(7.89)**	(63.92)
Withdrawn from General Reserve	**—**	86.37
Balance carried to Balance Sheet	**7.10**	(7.88)

3. Dividend

The Company has made a profit during the year, however considering losses made in the past your directors do not recommend payment of dividend on the equity shares to conserve the resources.

4. Operations

4.1 General - The income from operations, waiver and other income during the year was Rs.271 Million compared to Rs. 306 Million in the corresponding previous year. The Company earned a profit of Rs.15 Million during the year under review as compared to loss of Rs.32 Million in the previous year.

4.2 Engineering - The infrastructure industry is expected to grow at a rapid rate and the investment in expansion / new projects of Petroleum, Steel & Engineering is also increasing.

4.21 The income from Engineering operation during the year was Rs.155 Million. Engineering operations incurred loss of Rs.15 Million during the year under review as compared to loss of Rs.11 Million in the previous year.

4.22 Four orders amounting to Rs.510 Millions were received during the year and the outstanding orders as at the end of the year were Rs.500 Million Rs.135 Million at the beginning of the year.

4.23 The Company has received Rs.22 Millions by way of interest and installments against debts purchased from Commerzbank AG.

4.3 Infotech - The Income from Infotech operations during the year was Rs.46 Million. Infotech operations incurred profits of Rs.7 Million during the year under review as compared to loss of Rs.18 Million in the previous year.

4.4 Financial -

4.41 During the year, Company negotiated with Finance Company for conclusion of lease arrangement. Company derived Rs.42 Millions waiver of future lease rents.

4.42 During the year, Company reduced unsecured loans by Rs.27 Millions. Unsecured loans from Finance Companies and Banks were replaced by Inter Corporate Deposit. The replacement will result in reduction in interest costs of Rs.3 Million per annum.

5. Fixed Deposits

The Company held Rs.91 Million as Public deposits as of 31st March 2006, out of which, deposits aggregating Rs.0.49 Million have matured but remain unclaimed as on that date.

6. Corporate Governance

Pursuant to Clause 49 of the listing agreement, a report on Corporate Governance, along with Auditor's certificate regarding compliance of conditions of Corporate Governance and Management Discussion and Analysis is separately given in this Report.

7. Other Information

7.1 As the Company does not own an undertaking where manufacturing operations are carried out, the information to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable.

7.2 During the year under review there are no foreign exchange earnings and nor foreign exchange outgo.

7.3 None of the employees is covered within the purview of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

8. Directors' Responsibility Statement

As required by Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2006 and of the profit of the Company for the year ended 31st March 2006;

(iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

9. Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri Rajesh V. Shah and Shri Prakash V. Mehta Directors of the Company retire by rotation and are eligible for re-appointment.

10. Auditors

Messrs. Dalal & Shah, Chartered Accountants, Auditors of the Company retire and are eligible for re-appointment.

11. Auditors' Report

The notes referred to in the Auditors' Report are self-explanatory.

For and on behalf of the Board of Directors

Rajesh V. Shah
Chairman

Place: Mumbai,
Date : 19th May, 2006

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REPORT ON CORPORATE GOVERNANCE

(As required by Clause 49 of the Listing Agreement with Stock Exchanges)

1. Company's Philosophy :

The Company's Corporate Governance philosophy is based on principles of doing business in a way which is open, transparent and ethically responsible, in compliance with the letter and spirit of the law towards building trust of all its stakeholders viz. shareholders, employees, customers, suppliers, public and other regulatory authorities at large.

2. Board of Directors :

(a) Composition and size of the Board :

The Board of Directors of the Company consists of five Directors including the Non-Executive Chairman. All these five Directors are Non-Executive Directors out of which three Directors are Independent Directors. The Company did not have any pecuniary relation or transaction with Non-Executive Directors during the year under review.

(b) Board Meetings :

During the year six Board Meetings were held on May 30, 2005, June 15, 2005, July 26, 2005, September 19, 2005, October 25, 2005 and January 25, 2006. The Board was presented with the relevant and necessary information. None of the Directors is a member of more than ten Committees or acting as Chairman of more than five Committees across all Companies in which he is a Director. The attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other Directorships is given herein below:

Name of the Director	Category	Attendance Particulars		No. of outside Directorships in Public Limited Companies	No. of Membership (M)/ Chairmanship (C) in other Board Committee(s)
		Board Meetings	Last AGM		
Shri Rajesh V. Shah	C. NED	4	Yes	10	1 (C) 3 (M)
Shri Niraj Bajaj	NED	5	Yes	11	—
Shri D. S. Mulla	NED	5	Yes	7	2 (C) 7 (M)
Shri Prakash V. Mehta	NED	6	No	6	6 (M)
Shri T. S. Anand	NED	6	Yes	2	—

C: Chairman, NED: Non-Executive Director.

(c) Re-appointment of Directors :

Shri Rajesh V. Shah and Shri Prakash V. Mehta are liable to retire by rotation and being eligible offer themselves for re-appointment. Information as required under Clause 49 of the Listing Agreement is given hereunder:-

Name of the Director	**Shri Rajesh V. Shah**	**Shri Prakash V. Mehta**
Date of appointment	October 23, 1989	August 19, 1992
Expertise in Specific Functional areas	Marketing, Planning and Performance, Expansion, etc.	Joint Ventures & Foreign Collaborations, Property and Corporate Laws.
List of other Directorships held (in listed Companies)	1) Mukand Ltd. 2) Hindustan Petroleum Corpn. Ltd. 3) Oil and Natural Gas Corpn. Ltd.	1) Bharat Bijlee Ltd. 2) PCS Technology Ltd. 3) W. H. Brady & Co. Ltd. 4) JBF Industries Ltd. 5) Hikal Ltd. 6) Advani Hotels and Resorts (I) Ltd.
Chairman / Member of the Committee of the Board of other Companies in which he is a Director	**Chairman:** 1) Oil and Natural Gas Corpn. Ltd. (Shareholders' / Investors,' Grievance Committee) **Member:** 1) Hindustan Petroleum Corpn. Ltd. (Audit Committee) 2) Hindustan Petroleum Corpn. Ltd. (Shareholders' / Investors,' Grievance Committee) 3) Oil and Natural Gas Corpn. Ltd. (Audit and Ethics Committee)	**Chairman :** Nil **Member :** A) Audit Committee 1) Bharat Bijlee Ltd. 2) Advani Hotels and Resorts (I) Ltd. 3) Hikal Ltd. B) Shareholders' and Investors' Grievance Committee 1) Bharat Bijlee Ltd. 2) Hikal Ltd. 3) JBF Industries Ltd.

(d) Details of shares held by Non-Executive Directors in the Company are as under :

Sr. No.	Name of the Director	Nos of Equity Shares held on 31st March, 2006
1	Shri Rajesh V. Shah	38,320
2	Shri D. S. Mulla	1,450

3. Audit Committee :

The Audit Committee consists of Shri D. S. Mulla, Chairman, Shri Prakash V. Mehta and Shri T. S. Anand, all of whom are Independent Directors. The terms of reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement.

During the year under review, the Audit Committee met five times on May 30, 2005, June 9, 2005, July 26, 2005, October 25, 2005 and January 25, 2006. These meetings were also attended by the Statutory Auditors, Internal Auditors, Shri Rajesh V. Shah and Shri Niraj Bajaj, Directors, Shri S. B. Jhaveri, Advisor to the Board, Shri K.P. Jotwani, "Manager" and Shri M. R. Karandikar, Chief of Accounts, Shri P. R. Dhruva, Secretary acts as Ex-officio Secretary to the Audit Committee. Apart from considering unaudited and/or audited financial results for the relevant quarter, half year and the year, before submission to the Board for its approval, the Committee focused its attention on other matters which *inter-alia* included key areas impacting the overall performance of the Company and major accounting policies and practices, review of internal control system, review of current site progress and Management Information System.

The attendance at the Audit Committee Meetings during the year is given herein below:

Name of the Director	Category	Attendance Particulars Number of Meetings Attended
Shri D. S. Mulla	C. NED	4
Shri Prakash V. Mehta	NED	5
Shri T. S. Anand	NED	5

C: Chairman, NED: Non-Executive Director.

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4. Remuneration Committee & Policy :

The Company has not constituted a Remuneration Committee. The decision regarding remuneration of the "Manager" under the Companies Act, 1956 is taken by the entire Board subject to such approvals as may be necessary. The Company does not pay any remuneration to the Non-Executive Directors except payment of sitting fees for attending the Board / Audit Committee meetings, details of which are given below. However, Shri Rajesh V. Shah, Chairman and Shri Niraj Bajaj, Director of the Company have waived their sitting fees w.e.f. June 30, 2003.

Remuneration to Shri K. P. Jotwani "Manager" under the Companies Act, 1956 for the year ended 31st March, 2006.

Particulars	(Rupees)
Salary and allowances	8,77,219
Contribution to Provident Fund and Other Funds	75,005
Perquisites *(including approx. money value)*	2,42,806
TOTAL	11,95,030

The employee wise break up of liability on account of Retirement Schemes based on Actuarial Valuation is not ascertainable. The amounts relatable to the 'Manager' are, therefore, disclosed in the year of payment.

Sitting fees paid to the Directors for the year ended 31st March, 2006:

Sr. No.	Name of the Director	(Rupees)
1.	Shri D. S. Mulla	36,000
2.	Shri Prakash V. Mehta	44,000
3.	Shri T. S. Anand	44,000
	TOTAL	1,24,000

The Company has not issued stock options to any of its Directors.

5. Shareholders'/ Investors' Grievance Committee:

The Company had constituted Shareholders'/ Investors' Grievance Committee consisting of Shri Rajesh V. Shah as the Chairman, Shri Niraj Bajaj and Shri T. S. Anand. The Company Secretary acts as Compliance Officer to the Committee. The meeting of the said Committee was held on May 20, 2006 which was attended by all the members.

There were no major complaints from the shareholders.The functions of Investors' Grievance Committee are to review and redress Shareholders' / Investors' query/grievance/ complaint on matters relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. which were attended by the Registrar & Transfer Agents within stipulated time and some of the routine complaints were also directly attended by the Company Secretary.

The Committee also oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of Investors Services.

6. Annual General Meetings :

(a) The last three Annual General Meetings were held at Kamalnayan Bajaj Hall, Bajaj Bhavan, 226, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on the following dates and time:

Financial Year	Date	Time
2004-2005	August 23, 2005	3:30 p.m.
2003-2004	September 20, 2004	3:30 p.m.
2002-2003	September 17, 2003	3:30 p.m.

(b) Following Special Resolutions were adopted in the above three Annual General Meetings

Financial Year	Date of Annual General Meeting	Particulars of Resolution
2004-2005	August 23, 2005	Ratification of transaction pertaining to loan from Commerz Bank AG.
2003-2004	September 20, 2004	1) Appointment of Registrar and Transfer Agents under Section 163 and other applicable provisions, if any, of the Companies Act, 1956. 2) Commencement of new business under Section 149(2A) of the Companies Act, 1956.
2002-2003	September 17, 2003	Delisting of Equity shares from Delhi Stock Exchange under Section 61 of the Companies Act, 1956.

(c) No resolution was put through postal ballot during the financial year 2005-2006. However, the Company proposes to pass a Special Resolution through Postal Ballot to ratify the Corporate Guarantee given by the Company in favour of Dena Bank ("the Bank") for securing the Banking facilities aggregating Rs.115 Crore (Rupees One Hundred and Fifteen Crore only) granted to Centrodorstroy, New Delhi the principal contractor for the ongoing road project awarded by National Highway Authority of India wherein Mukand Limited being the one of the Promoters of the Company is the sub-contractor for the road project.

The Resolution proposed to be adopted by Postal Ballot will be conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

7. Disclosures :

There were no transactions of material significance entered into by the Company with its Promoters, Directors or their relatives, Companies, the management or their relatives during the year, which have potential conflict with interest of the Company, at large. The details of transactions with related parties entered into in the ordinary course of business are disclosed in the accounts and are placed before the Audit Committee. There was no default in compliance on any matters related to capital markets. Consequently, during the last three years neither any penalties were imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

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No transaction with related parties or others have been entered into which are not at arm's length.

The Company receives professional services in the normal course of business from M/s. Malvi Ranchoddas & Co., a legal firm in which Shri Prakash V. Mehta is a partner. In the opinion of the Board, these transactions do not affect the independence of the said Director.

The process of identification and evaluation of various risks inherent in the business environment and operations of the Company and initiation of appropriate measures for prevention and / or mitigation of the same is dealt with by the Operational Head under the supervision of the "Manager" who is overall responsible to the Board of Directors of the Company.

The Company has adopted a Code of Conduct for its Directors and Senior Management cadres in the meeting of the Board of Directors of the Company held on October 25, 2005.

The Company has also instituted a Code of Conduct for prevention of Insider Trading on the securities of the Company for its Directors and key Managerial persons as required by SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended.

8. Means of Communication :

Quarterly / half yearly un-audited and yearly audited results are published in English and local language newspapers as specified by SEBI and as required under the Listing Agreement. The Management Discussion and Analysis is a part of the annual report. All financial and other vital information is promptly communicated to the Stock Exchanges on which the Company's Shares are listed.

9. General Information for Shareholders :

a. Registered Office Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai – 400021

b. Date, Time and Venue of Annual General Meeting July 20, 2006 at 3:30 p.m. Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021.

c. Reporting in the Financial Year 2006-2007 :

- June 30 — Last week of July
- September 30 — Last week of October
- December 31 — Last week of January
- For the year ending March 31 — Last week of June

d. Dates of Book Closure July 18, 2006 to July 20, 2006. (both days inclusive)

e. Listing Details :

The Company's Shares are listed on the Stock Exchanges at Mumbai (The Stock Exchange, Mumbai and The National Stock Exchange of India Ltd.)The Company has paid the Listing fees for the period from April 1, 2006 to March 31, 2007 to both the Stock Exchanges where the shares of the Company are listed.

f. Stock code

1. The Stock Exchange, Mumbai (BSE)	532097
2. The National Stock Exchange (NSE)	Mukand Engg.
3. ISIN	INE 022B01014

g. Stock Market Data : (Amount in Rs.)

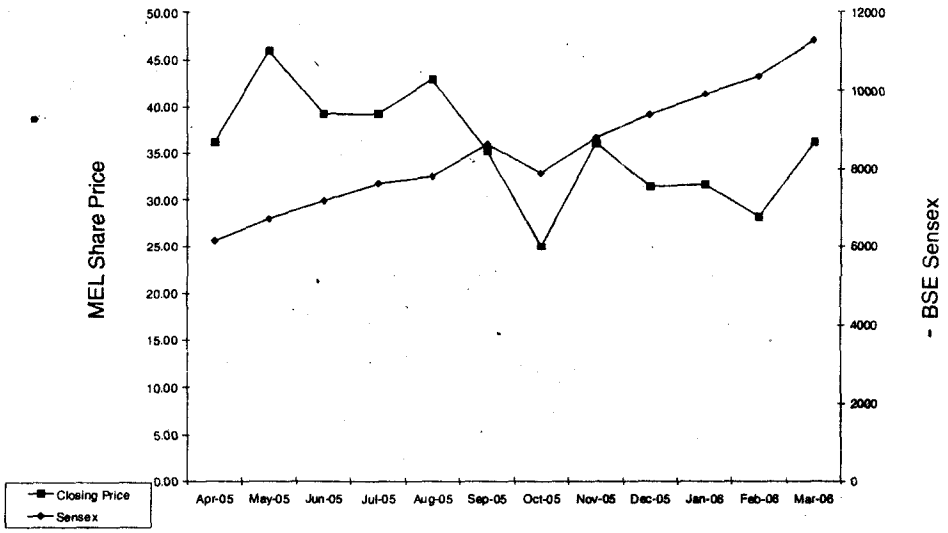
Month	The Stock Exchange, Mumbai (BSE)			The National Stock Exchange (NSE)		
	Month's High Price	Month's Low Price	Total Volume of Shares Transacted (Nos.)	Month's High Price	Month's Low Price	Total Volume of Shares Transacted (Nos.)
Apr- 05	44.65	34.70	1027439	44.55	35.25	2277676
May- 05	51.35	33.80	2341084	51.00	33.05	4256634
June-05	47.00	36.30	789765	49.00	36.00	1450402
July- 05	46.40	37.00	812727	46.80	35.90	1147805
Aug- 05	47.70	38.10	619138	50.00	38.60	506746
Sep- 05	47.25	35.20	537124	48.00	35.55	384860
Oct- 05	38.85	24.20	152651	39.90	24.50	110934
Nov- 05	40.85	24.30	180915	41.40	25.00	210550
Dec- 05	36.45	30.10	182959	36.50	30.25	122377
Jan- 06	35.10	29.50	182077	34.90	29.75	140750
Feb- 06	32.10	27.00	195390	32.00	26.55	116455
Mar- 06	36.65	27.00	378534	36.65	26.60	233923

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Comparative Stock Price Performance:

The Equity share prices of the Company on BSE in comparison with the BSE Sensex is given in the following graph.



h. Registrar and Transfer Agents
(For share transfers and other communication relating to share certificates, dividend and change of address, etc.)

Bigshare Services Pvt. Ltd.
B-2/3, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Andheri (East) Mumbai - 400 072.
Tel : (022) 28470744/28470652/53
Fax : (022) 28475207
E-Mail : bigshare@bom.7.vsnl.net.in

i. Share Transfer System

The Share Transfers are approved by a Committee of Directors and are registered within a period of 15 days from the date of receipt, if the documents are complete in all respect. During the year under review, the Company has followed the guidelines issued by SEBI for dematerialisation of shares sent for transfer by the investors.

Total number of shares transferred in physical form (non-dematerialised) during 2005-06 were 25034 shares.

There were no transfers which remained unattended as of March 31, 2006.

The Board in their respective Board Meetings held duly ratifies the transfers.

j. Investor Services (Complaints received during the year)

Nature of Complaints / Queries	2005-2006		2004-2005	
	Received	Cleared	Received	Cleared
Relating to Transfer, Transmission, Dividend, Interest, Demat & Remat, Change of address and others	198	198	182	182

There were no complaints / queries pending reply as on March 31, 2006.

k. Distribution of Shareholding as on March 31

	2006				2005			
No. of Equity Shares Held	No. of Share holders	%of Share holders	No. of Shares Held	% of Share holding	No. of Share holders	%of Share holders	No. of Shares Held	% of Share holding
1-100	23922	81.26	563336	4.48	25811	84.44	574234	4.57
101-200	2134	7.25	380118	3.02	1983	6.49	346255	2.76
201-500	2029	6.89	767004	6.10	1595	5.22	589229	4.69
501-1000	695	2.36	575777	4.58	564	1.85	468268	3.72
1001-5000	507	1.72	1162656	9.25	453	1.48	1060432	8.43
5001-10000	80	0.27	587050	4.67	88	0.29	641702	5.10
10001 & above	72	0.25	8536459	67.90	71	0.23	8892280	70.73
Total	29439	100.00	12572400	100.00	30565	100.00	12572400	100.00

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l. Categories of Shareholding as on March 31

No. of Equity Shares Held	2006				2005			
	No. of Share holders	%of Share holders	No. of Shares Held	% of Share holding	No. of Share holders	%of Share holders	No. of Shares Held	% of Share holding
Individuals	28819	97.89	4551364	36.20	29950	97.98	4105238	32.65
Corporate	528	1.79	2227791	17.72	537	1.76	2514286	20.00
Financial Institutions	5	0.02	1335	0.01	6	0.02	20810	0.17
FIIs	1	0.00	65	0.00	1	0.00	65	0.00
NRIs/OCBs	70	0.24	50056	0.40	55	0.18	190212	1.51
Banks	11	0.04	1208	0.01	11	0.04	1208	0.01
Mutual Funds	3	0.01	800	0.01	3	0.01	800	0.01
Promoters	2	0.01	5739781	45.65	2	0.01	5739781	45.65
Total	29439	100.00	12572400	100.00	30565	100.00	12572400	100.00

m. Dematerialisation of Shares and Liquidity

71.47% of outstanding equity have been dematerialised up to March 31, 2006. Trading in Equity Shares of the Company on any Stock Exchange is permitted only in the dematerialised form from July 24, 2000 as per Notifications issued by SEBI

n. Plant Locations

The Company has no plants but carries out jobs at various sites of customers.

o. Investor Correspondence

For any queries, investors are requested to get in touch with the Company's

1) Registrar and Transfer Agents
Bigshare Services Pvt. Ltd.
B-2/3, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Andheri (East), Mumbai - 400 072.

2) Registered Office of the Company
Bajaj Bhavan, Jamnalal Bajaj Marg,
226, Nariman Point, Mumbai - 400 021.

p. Auditors' Certificate of Corporate Governance

The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in the Listing Agreements with Stock Exchanges. This is annexed to the Directors' Report. The certificate will be sent to the Stock Exchanges along with annual return to be filed by the Company.

Auditors' Certificate on Corporate Governance

To
The Members
Mukand Engineers Limited
Bajaj Bhavan,
226, Nariman Point,
Mumbai - 400 021.

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2006.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conduced our review on the basis of the relevant records and documents maintained by the Company and furnished to us, for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Ashish Dalal
Partner
Membership no. 33596

MUMBAI, 19th May, 2006

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MANAGEMENT DISCUSSION AND ANALYSIS

1. ENGINEERING AND CONSTRUCTION DIVISION :

1.1 INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company undertakes detailed Engineering, Civil and Structural work including Mechanical, Electrical and Piping, for it's clients in Petroleum, Power Generation and Steel & Aluminium manufacturing sector.

1.2 INDUSTRIAL GROWTH OPPORTUNITY AND THREATS :

During the year, Company received four orders from Steel, Petroleum and power projects amounting to Rs.510 Million. The Company started contract work for steel project during the year. Contract work of other projects started after the end of the year.

Engineering business is facing competition from new contractors who have come up due to spurt in demand. The demand for Sub-Contractors has increased, resulting in higher labour cost.

1.3 OUTLOOK :

The economy during current fiscal is expected to grow at about 8%. New projects will be undertaken for capacity expansion and infrastructure developments. Steel, Power & Petroleum industries are expanding their production capacities. Company has a good track record of executing expansion projects in these industries.

1.4 RISK MANAGEMENT :

Project execution and profitability largely depends on the Client providing the project site free from obstructions, support facilities and finance in time to complete project within stipulated period. This will help achieve optimum project costs. Therefore, the Company plans to quote for projects only to such clients and locations where we have reasonable assurance of the above.

2. INFOTECH DIVISION :

The Company continues to undertake Electronic Data Processing and ERP advisory & support activities. Efforts are being made to procure additional business from large companies who are outsourcing.

3. SEGMENTWISE PERFORMANCE :

The Income from operations of the Engineering and Construction amounted to Rs.153 million as against Rs.228 million in the previous year. Infotech business income amounted to Rs.46 million in the current year against Rs.38 million in the previous year. The detailed disclosures in respect of both the segments of the Company are available in the financial statements.

4. INTERNAL CONTROL SYSTEM :

The Company has instituted a system of internal control to safeguard and protect the assets of the Company from unauthorized use or disposition. The internal control systems are regularly reviewed by Management, and guidelines and audit programmes are formulated for proper controls. The system ensures recording and reporting of the transactions as a result of which records prepared become reliable for correctly reflecting transactions of assets in the financial statements.

5. FINANCIAL PERFORMANCE :

For the year under review turnover and other receipts amount to Rs.269. million compared to Rs.296 million in the previous year. The profit for the year before interest and depreciation amounted to Rs.69 million as against profit of Rs.28 million in the previous year.

Discussions with the Bankers are underway to get Bank Guarantee facility.

6. HUMAN RESOURCE MANAGEMENT INITIATIVES :

Company is in the process of developing quality manpower. New recruitments at various levels will increase collective output and help achieve higher productivity.

7. CAUTIONARY STATEMENT :

Statements made herein describing the Company's expectations or predictions, are "forward-looking statements". The actual results may differ from those expected or predicted. Prime factors that may make a difference to the Company's performance include market conditions, input costs, interest costs, Government regulations, economic developments within/outside the country.

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