

# 25th Annual Report 2010 -11

## Turnkey Projects

Piping

Electrical Equipment

Supply & Erection

Erection

Civil Works

Structural Fabrication

Mechanical Equipment



**MUKAND  
ENGINEERS**

## BOARD OF DIRECTORS

Rajesh V. Shah, *Chairman*  
Niraj Bajaj  
Prakash V. Mehta  
T. S. Anand  
N. Ramanathan

## MANAGER

K. P. Jotwani

## COMPANY SECRETARY

P. R. Dhruva

## AUDITORS

K. K. Mankeshwar & Co.,  
Chartered Accountants, Mumbai

## REGISTERED OFFICE

Bajaj Bhawan, 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.

### 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.

**Cover Picture** - Erection & Commissioning of Station Transformer (2 X 600 MW) at LANCO Anpara Thermal Power Plant in Uttar Pradesh

## ANNUAL GENERAL MEETING

Thursday, 28th July, 2011, 3:30 p.m.  
at Kamalnayan Bajaj Hall, Bajaj Bhawan,  
Jamnalal Bajaj Marg, 226, Nariman Point,  
Mumbai - 400021

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## IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of Notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send the above information i.e. e-mail address to the Company at [mel@mukand.com](mailto:mel@mukand.com) OR to the Registrar of the Company at [marketing@bigshareonline.com](mailto:marketing@bigshareonline.com) or [info@bigshareonline.com](mailto:info@bigshareonline.com) for registration of their e-mail address.

**NOTICE**

NOTICE is hereby given that the 25<sup>th</sup> ANNUAL GENERAL MEETING of the Members of the Company will be held on **Thursday, the 28<sup>th</sup> day of July, 2011 at 3:30 p.m.** at Kamalnayan Bajaj Hall, Bajaj Bhawan, Jammalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021, to transact the following business:-

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 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 declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Niraj Bajaj who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Prakash V. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K. K. Mankeshwar & Co., Chartered Accountants (Regn. No. 106009W), 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 authorise the Board of Directors 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 Sections 198, 387 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, the Company do hereby appoint Shri K. P. Jotwani, as the “Manager” of the Company, as defined under Section 2(24) of the Companies Act, 1956, for a further period of 2 (two) years with effect from 1<sup>st</sup> June, 2011 upon the terms and subject to the conditions as set out in the Draft 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, 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 function as a “Manager” within the meaning of Section 2(24) of the Companies Act, 1956 subject to the superintendence, control and direction of the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution.”

**NOTES FOR MEMBERS' ATTENTION:**

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No.6 is annexed.
2. 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.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 23/07/2011 to 28/07/2011 (both days inclusive).

4. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year 1993-94 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 years 1994-1995 to 2000-2001 have been transferred to the Investors' Education and Protection Fund (the Fund) set up by the Central Government. The said Section further provides 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.

5. 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 of 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.
6. The Company's Equity Shares are listed on Bombay Stock Exchange Ltd., Mumbai and The National Stock Exchange of India Ltd., Mumbai.
7. Dividend on Equity Shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2011, when declared at the meeting, will be paid:
  - i) To those members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company and / or its Registrars on or before 22/07/2011.
  - ii) In respect of shares held in electronic form to those “deemed members” whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 22/07/2011.
  - iii) SEBI has made it mandatory for all the Companies to use bank details furnished by the investors for distributing dividends to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore, members holding shares in physical mode are requested to provide their bank details to the

Company / Registrar. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.

- iv) SEBI vide Circular Ref. No.MRD/DoP/Cir-05/2007 dated 27<sup>th</sup> April, 2007 made PAN mandatory for all securities market transaction. Thereafter, vide Circular No. MRD/DoP/Cir-05/2009 dated 20<sup>th</sup> May, 2009 it was clarified that for securities market transactions and off market / private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTAs for registration of such transfer of shares.

SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases :

- Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
- Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

**By Order of the Board  
For Mukand Engineers Limited**

**P. R. Dhruva  
Company Secretary**

**Place : Mumbai**

**Date : 26<sup>th</sup> May, 2011**

#### **ANNEXURE TO NOTICE**

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

##### **Item No. 6**

Members of the Company had approved the appointment of Shri K. P. Jotwani as “Manager” of the Company under the Companies Act, 1956 for a period of 3 (Three) years for the period from 1<sup>st</sup> June, 2008 to 31<sup>st</sup> May, 2011 and had also approved the maximum Remuneration payable to him, at their 22<sup>nd</sup> Annual General Meeting held on 30<sup>th</sup> July, 2008. The said terms will expire on 1<sup>st</sup> June, 2011.

Thereafter, the Board of Directors of the Company at their meeting held on 7<sup>th</sup> February, 2011 have subject to the approval of the Members appointed Shri K. P. Jotwani, as the “Manager” of the Company effective from 1<sup>st</sup> June 2011 for a further period of 2 (Two) years with liberty to alter/vary the said terms and conditions in conformity with the requirements of Schedule XIII to the Companies Act, 1956 or any amendments thereto.

Shri K. P. Jotwani, aged 68 years 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. Prior to joining the Company, he was incharge of Machine Building Division, and was designated as Vice President (Machine Building) of Mukand Limited.

Shri K. P. Jotwani has been associated with the Company since

1<sup>st</sup> February, 1997 as the Chief Executive of the Company and the Board of Directors at its meeting held on 29<sup>th</sup> June, 1998 had appointed him as the Chief Executive and “Manager” of the Company. He resigned on 28<sup>th</sup> January, 2000 to join Mukand Limited to head its Machine Building Division. Since 1<sup>st</sup> February, 2000, he was on the Board as Director of the Company, and resigned on 31<sup>st</sup> May, 2002.

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 up to and including the day of the Meeting. Remuneration payable per month will be subject to the approval by the Board from time to time within the maximum limit as under. The draft Agreement, *inter alia*, contains the following terms and conditions effective from 1<sup>st</sup> June, 2011.

- Period of Agreement : Two years
- Basic Salary : ₹ 60,000/- per month
- House Rent Allowance : 50% of Basic Salary
- Special Allowance : ₹ 40,000/- per month
- Personal Allowance : ₹ 90,000/- per month
- Company’s contribution to Provident Fund and Superannuation Funds.
- Gratuity at the rate of one month’s salary for each completed year of service.
- Leave with full pay as per the Rules of the Company,
- Company will take insurance cover for accident and hospitalization to self and family in India or abroad.
- Reimbursement of gas, electricity, water charges, soft furnishings, house repairs, furniture repairs and domiciliary medical expenses.
- Reimbursement of actual traveling expenses for proceeding on leave from Mumbai to any place and return therefrom in respect of self and family in accordance with the rules specified by the Company from time to time.
- Reimbursement of membership fee for clubs in India or abroad including any admission / life membership fee.
- Free use of Company’s car and reimbursement of operating and maintenance expenses including driver.  
The ceiling for item (i), (j), (k), (l) and (m) is ₹ 3,30,000/- per annum.
- Telephone, telefax and other communication facilities at the residence.
- Subject to statutory ceiling/s, the “Manager” may be given any other allowance/s, perquisites, benefits and facilities as the Board of Directors from time to time may decide.
- Unutilised leave as on 31<sup>st</sup> May, 2011 will be available for use in future / encashment during the period of continuity of service and balance at the end of tenure.



In the absence or inadequacy of profits in any financial year, Shri K. P. Jotwani will be paid the above remuneration within the ceiling laid down in Section II (B) of Part II of Schedule XIII to Companies Act, 1956 upon the Resolution being passed as a Special Resolution.

#### Memorandum of Interest:

Except Shri K. P. Jotwani, none of the Directors of the Company is in any way, concerned or interested in the Resolution.

Pursuant to Section 302 of the Companies Act, 1956, 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.

Information pursuant to clause (iv) of the proviso to para (B) of section II, part II of Schedule XIII to the Companies Act, 1956 is furnished hereunder:

#### I. GENERAL INFORMATION:

**(1) Nature of industry:** The Company is engaged in the business of execution of projects in core sectors, handling of all areas of construction, erection and commissioning of equipments, project and design engineering, site fabrication work and giving loans and guarantees on behalf of other corporates.

**(2) Commencement of commercial production:** The Company has no plants as the Company carries out various job at different sites of customers, hence the question of date of commencement of commercial production does not arise.

**(3) Financial performance based on given indicators:** The financial performance of the Company as reflected by total income, profit, earning per share and dividend recommended for the financial year ended 31<sup>st</sup> March, 2011 is as under:-

	(₹ in Million)
a. Total Income	<b>822.80</b>
b. Profit before tax	<b>95.88</b>
c. Profit after tax	<b>66.10</b>
d. Earning per share (₹)	<b>5.19</b>
e. Rate of Dividend (on equity shares)	<b>15%</b>

**(4) Export performance & Net Foreign Exchange Earnings / Outgo:** As the Company is engaged in engineering construction activities in India, the question of export performance, foreign Exchange Earnings / Outgo does not arise.

**(5) Foreign investments or collaborations:** NIL

#### II. INFORMATION ABOUT THE APPOINTEE:

**(1) Background details:** The relevant information is already given in the Explanatory Statement of the Notice here in above.

**(2) Past remuneration:** The gross remuneration drawn by the appointee during the past 3 years is as under:

Financial Year		(₹ in Million)
2008-2009	:	1.80
2009-2010	:	2.45
2010-2011	:	2.53

**(3) Recognition or awards:** NIL

**(4) Job profile and suitability:** Shri K. P. Jotwani is responsible for booking orders from Steel, Aluminium and Power sectors and its execution thereof.

Shri K. P. Jotwani is a Mechanical Engineer of 1965 batch with post Graduation in Industrial Engineering in 1975 from University of Bombay. He has been with Mukand Limited since February 1966 and has worked through design, marketing, planning and execution. He was responsible for development of non-crane business in Machine Building Division. He executed MMSM Project of VSP from 1986 to 1990 and also BOF Project of Rourkela Steel Plant from 1994 to 1997. Since 1997 he has been the Chief Executive with MEL. During his tenure, business has been developed with SAIL, IISCO, NTPC, BHEL and Vedanta. He has experience of more than 43 years in this engineering business. He is the link between Execution Group and the Board.

**(5) Remuneration proposed:** As mentioned herein above

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** The remuneration proposed takes into consideration nature and size of business operations; the qualifications, experience and contribution of appointee to all-round growth of the Company; present trends and norms observed in the industry for payment of managerial remuneration by companies of comparable size and nature of business.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** He does not have any pecuniary relationship with the Company except as remuneration drawn as "Manager" and as a shareholder to the extent of his shareholdings, if any, in the Company.

#### III. OTHER INFORMATION:

The Company is making profits hence the question of (1) Reasons of loss or inadequate profits (2) Steps taken or proposed to be taken for improvement (3) Expected increase in productivity and profits in measurable terms does not arise.

**By Order of the Board  
For Mukand Engineers Limited**

**P. R. Dhruva  
Company Secretary**

**Place : Mumbai  
Date : 26<sup>th</sup> May, 2011**

## DIRECTORS' REPORT

TO THE MEMBERS,

1. Your Directors present the Twenty Fifth Report and the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### 2. Financial Results:

	(₹ Million)	
	Current Year	Previous Year
Profit for the year before tax	95.88	123.47
Less: Provision for Tax (including deferred tax)	<u>29.28</u>	<u>41.55</u>
Profit for the year after Tax	66.60	81.92
Less: Short Provision for Tax for earlier years	0.50	-
Less: Prior Period Adjustment (Net)	<u>0.89</u>	<u>-</u>
Profit after Tax and Prior Period Adjustment	65.21	81.92
Balance brought forward from previous year	139.95	84.12
Balance available for appropriations	<u>205.16</u>	<u>166.04</u>
<b>Appropriations:</b>		
Proposed Dividend and Tax thereon	21.92	21.99
Transfer to General Reserve	<u>3.26</u>	<u>4.10</u>
Balance carried to the Balance Sheet	<u>179.98</u>	<u>139.95</u>

### 3. Dividend:

The Directors recommend dividend of 15 % on equity shares. The dividend and tax thereon shall absorb ₹ 21.92 million from surplus generated from the operations during the year.

### 4. Operations:

#### 4.1 General

The income from operations, and other income during the year was ₹ 822.80 Million compared to ₹ 1316.41 Million in the corresponding previous year. Income from operations was lower due to non availability of work fronts from client as per the original schedule of the contract. This resulted in lower profit of ₹ 65.21 Million during the year as compared to ₹ 81.92 Million in the previous year.

#### 4.2 Engineering

4.2.1 The income from Engineering operation during the year was ₹ 747.17 Million as against ₹ 1213.18 Million in previous year. Engineering operations earned profit before interest of ₹ 147.67 Million during the year under review as compared to profit of ₹ 123.57 Million in the previous year.

4.2.2 New orders amounting to ₹ 344.99 Million were received during the year and the outstanding orders as at the end of the year were ₹ 1500.97 Million as against ₹ 1714.86 Million at the beginning of the year.

The infrastructure industry is growing and the investment in expansion / new projects of Petroleum, Steel & Power is also increasing. This will increase demand for Engineering work in the coming year.

#### 4.3 Infotech

The Income from Infotech operations remained same. Infotech operations earned profit before interest of ₹ 22.87 Million during the year under review as compared to ₹ 26.21 Million in the previous year.

### 5 Fixed Deposits

The Company held ₹ 159.42 Million as Public deposits as of 31<sup>st</sup> March 2011, out of which, deposits aggregating ₹ 2.26

Million have matured but remain unclaimed as on that date. The Company sends reminder letters to the Fixed Deposit Holders before the date of Maturity of their Fixed Deposits and also if the Fixed Deposit Receipt/s / Interest Warrants etc. are returned undelivered. Company also follows up with such cases to ensure that the Investors get their money.

### 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. However, the Company is in the process of implementing "Systems Applications and Products in Data Processing" (popularly known as "SAP"), a Computerized Program in its accounting system.

7.2 During the year under review there are neither foreign exchange earnings nor foreign exchange outgo.

7.3 There are no employees covered under the provisions 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 judgments 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 31<sup>st</sup> March 2011 and of the profit of the Company for the year ended 31<sup>st</sup> March 2011.
- (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 Niraj Bajaj and Shri Prakash V Mehta, Directors of the Company retire by rotation and are eligible for re-appointment.

### 10. Auditors:

Messrs. K. K. Mankeshwar & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### 11. Auditors' Report:

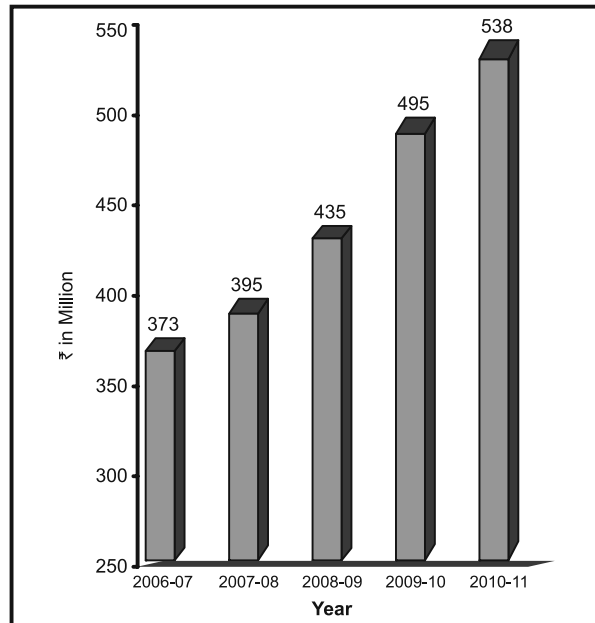
The notes referred to in the Auditors' Report are self-explanatory and hence, do not call for any comments under Section 217 of the Companies Act, 1956.

**For and on behalf of the Board of Directors**

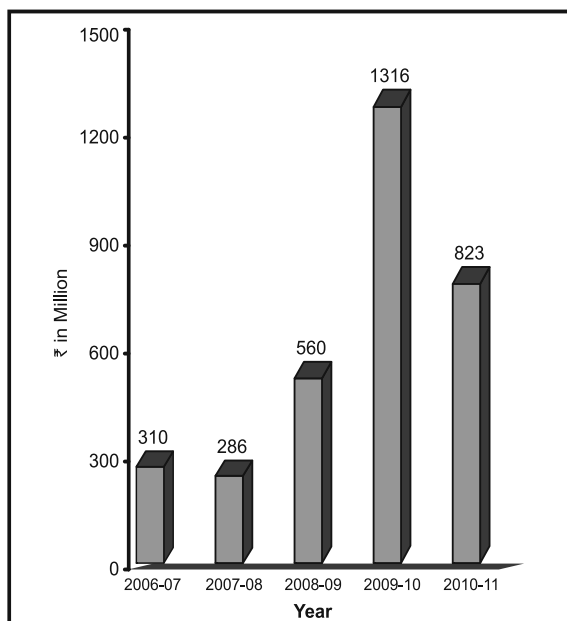
Place : Mumbai,  
Date : 26<sup>th</sup> May, 2011.

**Rajesh V. Shah**  
Chairman

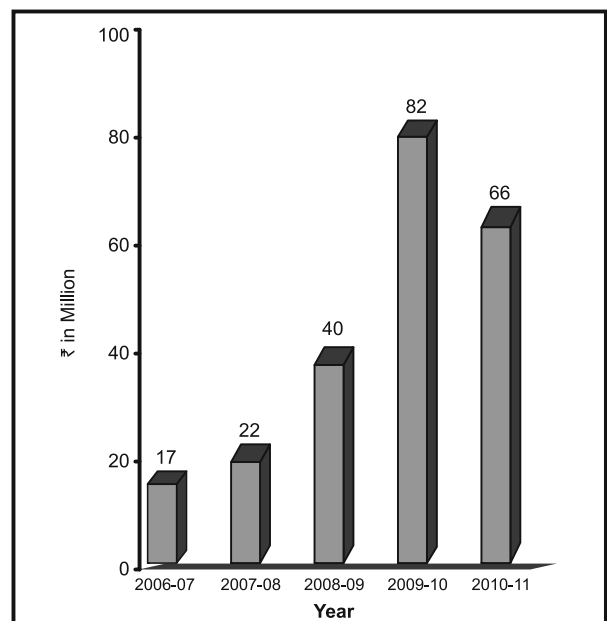
### Net Worth



### Income from Operations Including Other Income



### Profit after Tax



## REPORT ON CORPORATE GOVERNANCE

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

### 1. Company's Philosophy:

Your Company believes that the fundamental objective of Corporate Governance is enhancing the interests of all shareholders / stakeholders. The Company's Corporate Governance practices emanate from its commitment towards discipline, accountability, transparency and fairness. The main elements of Corporate Governance are timely and adequate disclosures, compliance of strict internal control systems and procedures, high standard of accountability, fidelity, product and service quality.

Your Company also believes that good Corporate Governance practices help to enhance performance of the Company and shareholder's values.

### 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 four Board Meetings were held on May 25, 2010, July 29, 2010, October 26, 2010 and February 07, 2011. 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	Cate-gory	Attendance Board Meetings	Particulars Last AGM	No.of Director-ships in Public Limited Com-pa-nies	No.of Member-ship (M) in other Board Com-mit-tees(s)	No.of Shares held in Company as at 31.03.2011
Shri Rajesh V. Shah	C. NED	4	Yes	6	2 (M)	64220
Shri Niraj Bajaj	NED	4	Yes	11	--	411500
Shri Prakash V. Mehta	NED	4	Yes	7	11 (M) / 1(C)	Nil
Shri T. S. Anand	NED	4	Yes	2	--	Nil
Shri N. Ramanathan	NED	3	Yes	--	--	400

C: Chairman, NED: Non-Executive Director.

#### (c) Re-appointment of Directors:

Shri Niraj Bajaj 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 Niraj Bajaj	Shri Prakash V. Mehta
Date of appointment	July 27, 1992	August 19, 1992
Expertise in Specific Functional areas	Providing valuable guidance on matters relating to strategic planning and performance, expansion, diversification, new business.	Joint Ventures and Foreign Collaborations, Property and Corporate Laws.
List of other Directorships held (in listed Companies)	1) Mukand Ltd. 2) Hind Rectifiers Ltd. 3) Bajaj Auto Ltd. 4) Hindustan Housing Co.Ltd. 5) Zensar Technologies Ltd.	1) Bharat Bijlee Ltd. 2) PCS Technologies Ltd. 3) W. H. Brady & Co. Ltd. 4) JBF Industries Ltd. 5) Hikal Ltd. 6) Advani Hotels & Resorts (I) Ltd. 7) Mukand Ltd.
Chairman / Member of the Committee of the Board of other Companies in which he is a Director	<b>Chairman:</b> Nil <b>Member:</b> Nil	<b>Chairman :</b> A) <u>Remuneration Committee</u> 1) JBF Industries Ltd. <b>Member :</b> A) <u>Audit Committee</u> 1) Bharat Bijlee Ltd. 2) Advani Hotels & Resorts (I) Ltd. 3) Hikal Ltd. 4) Mukand Ltd. B) <u>Shareholders and Investors Grievance Committee</u> 1) Bharat Bijlee Ltd. 2) JBF Industries Ltd. 3) Hikal Ltd. C) <u>Remuneration Committee</u> 1) Bharat Bijlee Ltd. 2) Advani Hotels & Resorts (I) Ltd. 3) Hikal Ltd. 4) Mukand Ltd.

### 3. Audit Committee :

The Audit Committee consists of Shri Rajesh V. Shah, Shri Prakash V. Mehta (Chairman of the Meeting), Shri T. S. Anand and Shri N. Ramanathan as Members, all of whom are independent Directors except Shri Rajesh V. Shah. The terms of reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement. All the members of the Audit Committee are financially literate and one member is having accounting and related financial management expertise.

During the year under review, the Audit Committee met four times on May 25, 2010, July 29, 2010, October 26, 2010 and February 07, 2011. These meetings were also generally attended by the Statutory Auditors, Internal Auditors, Shri Niraj Bajaj, Director, Shri S. B. Jhaveri, Advisor to the Board, Shri K.P. Jotwani, "Manager" and Shri J. S. Shrivastav, Chief of Accounts and Shri R. G. Golatkar, Deputy Chief of Accounts as invitees whenever required. Shri P. R. Dhruva, Company Secretary acts as 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 Prakash V. Mehta	C. NED	4
Shri T. S. Anand	NED	4
Shri Rajesh V. Shah	NED	4
Shri N. Ramanathan	NED	3

C: Chairman, NED: Non-Executive Director.

#### 4. Remuneration Committee and Policy:

The Company has not constituted a Remuneration Committee. The decision regarding remuneration of the "Manager" under the Companies Act, 1956 are 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 paid to Shri K. P. Jotwani "Manager" under the Companies Act, 1956 for the year ended 31<sup>st</sup> March, 2011.

Particulars	₹
Salary and allowances	2,178,702
Contribution to Provident Fund & Other Funds	149,559
Perquisites ( <i>including approx. money value</i> )	201,487
<b>TOTAL</b>	<b>2,529,748</b>

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' will be, therefore, disclosed in the year of payment.

Sitting fees paid to the Directors for the year ended 31<sup>st</sup> March, 2011.

Sr. No.	Name of the Director	₹
1.	Shri Prakash V. Mehta	68,000
2.	Shri T. S. Anand	68,000
3.	Shri N. Ramanathan	48,000
	<b>TOTAL</b>	<b>184,000</b>

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 as Members. The Company Secretary acts as Compliance Officer to the Committee. The meeting of the said Committee was held on May 25, 2010 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. Such matters 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 Registrars 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 Bhawan, 226, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 on the following dates and time:

Financial Year	Date	Time
2009-2010	July 29, 2010	3:30 p.m.
2008-2009	July 28, 2009	3:30 p.m.
2007-2008	July 30, 2008	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
2009-2010	July 29, 2010	Nil
2008-2009	July 28, 2009	Nil
2007-2008	July 30, 2008	Appointment of Shri K. P. Jotwani as the "Manager" of the Company, as defined under Section 2(24) of the Companies Act, 1956, for a period of three years with effect from 1st June, 2008.

(c) There were no Resolutions passed vide Postal Ballot during the year.

#### 7. Disclosures :

There were no transactions of material significance entered into by the Company with its Promoters, Directors or their relatives, Companies, Management or their relatives during the year, which have potential conflict with interests 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.

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 has overall responsibility towards 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.

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.

#### g. Stock Market Data :

Month	Bombay Stock Exchange Ltd. (BSE)			The National Stock Exchange (NSE)		
	Month's High Price (in ₹)	Month's Low Price (in ₹)	Total Volume of Shares Transacted (Nos.)	Month's High Price (in ₹)	Month's Low Price (in ₹)	Total Volume of Shares Transacted (Nos.)
Apr - 2010	57.50	47.50	657090	57.50	47.90	885012
May - 2010	52.90	42.00	987798	52.70	41.30	1170112
June - 2010	60.10	47.35	831815	59.60	47.05	898910
July - 2010	59.80	47.15	778069	59.75	47.25	766523
Aug - 2010	55.00	44.40	737758	54.90	42.30	715265
Sep - 2010	51.50	45.05	287576	51.50	45.10	320886
Oct - 2010	50.50	42.50	271186	50.45	41.70	263734
Nov - 2010	55.25	37.50	747880	55.00	38.05	947372
Dec - 2010	44.50	35.00	572392	46.00	34.60	223175
Jan - 2011	42.30	33.60	148125	42.50	33.50	189167
Feb - 2011	35.25	25.55	117847	35.45	25.65	117506
Mar - 2011	31.05	26.80	165945	31.90	26.60	131382

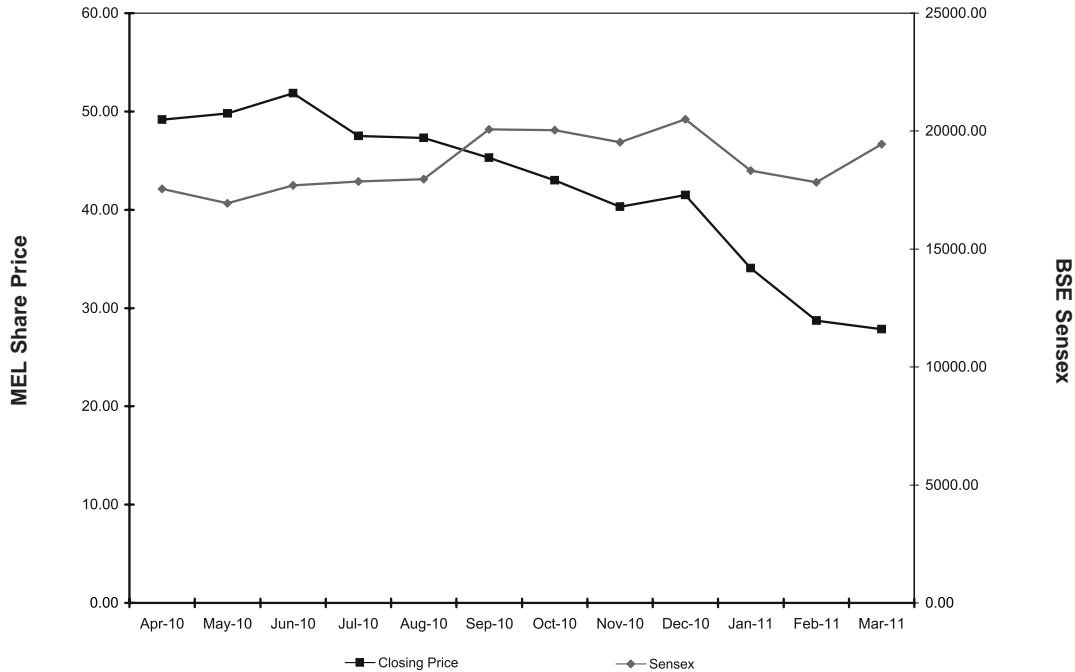
#### 9. General Information for Shareholders :

- a. Registered Office                      Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021
- b. Date, Time and Venue of Annual General Meeting      Thursday, 28<sup>th</sup> July, 2011 at 3:30 p.m. Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.
- c. Reporting in the Financial Calendar 2011-2012:
  - June 30, 2011                      On or before August 14, 2011
  - September 30, 2011              On or before November 14, 2011
  - December 31, 2011              On or before February 14, 2011
  - For the year ending March 31, 2012                      On or before May 30, 2012
- d. Dates of Book Closure                23<sup>rd</sup> July, 2011 to 28<sup>th</sup> July, 2011(both days inclusive)
- e. Listing Details :
 

The Company's Shares are listed on the Stock Exchanges at Mumbai (Bombay Stock Exchange Ltd., Mumbai and The National Stock Exchange of India Ltd.). The Company has paid the listing fees for the period from April 1, 2011 to March 31, 2012 to both the Stock Exchanges where the shares of the Company are listed.
- f. Stock code
  1. Bombay Stock Exchange (BSE)    532097
  2. The National Stock Exchange (NSE)    MUKANDENGG
  3. ISIN    INE 022B01014

**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** Bigshare Services Pvt. Ltd.

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

E-2/3, Ansa Industrial Estate, Saki Vihar Road,  
Saki Vihar, Andheri (East) Mumbai - 400 072.  
Tel : (022) 28470652 / 53 / 40430200. Fax : (022) 28525207  
E-Mail : marketing@bigshareonline.com  
Website:www.bigshareonline.com

Our Registrar & Transfer Agent M/s Bigshare Services Private Limited has launched Gen-Next Investor Module i'Boss the most advanced tool to interact with shareholders. Please login into i'Boss ([www.bigshareonline.com](http://www.bigshareonline.com)) and help them to serve you better.

**i. Share Transfer System**

The Share Transfers are approved by a Committee of Directors and are registered within a period of 7 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 2010-2011 were 6367 shares.

There were no transfers which remained unattended as of March 31, 2011.

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

**j. Investor Services (Complaints received during the year)**

Nature of Complaints / Queries	2010-2011		2009-2010	
	Received	Cleared	Received	Cleared
Relating to Transfer, Transmission, Dividend, Interest, Demat & Remat, Change of address and others	325	325	78	78

There were no complaints / queries pending reply as on March 31, 2011

**k. Distribution of Shareholding as on:**

No. of Equity shares held	31 <sup>st</sup> March, 2011				31 <sup>st</sup> March, 2010			
	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	21083	79.90	519619	4.13	21638	80.74	531360	4.23
101-200	1942	7.36	342325	2.72	1956	7.30	343494	2.73
201-500	1946	7.38	719658	5.72	1882	7.02	701279	5.58
501-1000	736	2.79	618680	4.92	675	2.52	568738	4.52
1001-5000	530	2.01	1207895	9.61	500	1.87	1133491	9.02
5001-10000	74	0.28	537552	4.28	71	0.26	506496	4.03
10001 & above	75	0.28	8626671	68.62	78	0.29	8787542	69.89
Total	26386	100.00	12572400	100.00	26800	100.00	12572400	100.00

**l. Categories of Shareholding as on:**

Categories	31 <sup>st</sup> March, 2011				31 <sup>st</sup> March, 2010			
	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	25827	97.89	4364281	34.71	26104	97.40	3959793	31.50
Corporates	398	1.51	1069379	8.51	541	2.02	1715806	13.64
Financial Institutions	5	0.02	1335	0.01	5	0.02	1335	0.01
FIs	1	0.00	65	0.00	1	0.00	65	0.00
NRIs/OCBs	96	0.36	78300	0.62	90	0.34	55507	0.44
Banks	10	0.04	1048	0.01	10	0.04	1048	0.01
Mutual Funds	3	0.01	800	0.01	3	0.01	800	0.01
Trusts	8	0.03	298167	2.37	9	0.03	298167	2.37
Promoters	38	0.14	6759025	53.76	37	0.14	6539879	52.02
Total	26386	100.00	12572400	100.00	26800	100.00	12572400	100.00

**m. Dematerialisation of Shares and Liquidity**

94.50% of outstanding equity have been dematerialised up to March 31, 2011. 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 Registrar and Transfer Agent:  
Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Vihar,  
Andheri (East), Mumbai - 400 072.

Registered Office of the Company :  
Bajaj Bhawan, Jammalal Bajaj Marg,  
226, Nariman Point, Mumbai - 400 021.

**p. Auditor's 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 Agreement with Stock Exchanges. This is annexed to the Directors' Report. The certificate will be sent to the Stock Exchanges along with annual report to be filed by the Company.



**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To,

The Members of Mukand Engineers Limited

We have examined the compliance of Corporate Governance by Mukand Engineers Limited (the Company), for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to information and explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement(s).

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

**GIRISH M. PATHAK**

*Partner*

Membership No.102016

For & on behalf of

**K. K. MANKESHWAR & CO.**

*Chartered Accountants*

FRN-106009W

Mumbai, dated the May 26, 2011

**Persons constituting Group within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:**

1 Anant Bajaj	33 Bajaj Allianz Life Insurance Company Ltd.	63 Niravnayan Trust	95 Bahar Mercantile Ltd.
2 Deepa Bajaj	34 Bajaj Auto Holdings Ltd.	64 Nirvaan Trust	96 Bengal Port Private Limited
3 Geetika Bajaj	35 Bajaj Auto Ltd.	65 Rishabhayan Trust	97 Eastern Gateway Terminals Pvt. Ltd.
4 Kiran Bajaj	36 Bajaj Electricals Ltd.	66 Sanjali Trust	98 Eurasia Corporate Services Pvt. Ltd.
5 Kriti Bajaj	37 Bajaj Finance Ltd.	67 Siddhant Trust	99 Galaxy Lifestyle Restaurants Limited
6 Kumud Bajaj	38 Bajaj Financial Securities Ltd.	68 Bombay Forgings Ltd.	100 JLS Realty Pvt. Ltd.
7 Madhur Bajaj	39 Bajaj Financial Solutions Ltd.	69 Jeewan Ltd.	101 Jyoti Shah Premises & Investments Pvt. Ltd.
8 Minal Bajaj	40 Bajaj Finserv Ltd.	70 Mukand Global Finance Ltd.	102 Kshitij Holdings & Engineering Pvt. Ltd.
9 Nimisha Bajaj	41 Bajaj Holdings & Investment Ltd.	71 Mukand Engineers Ltd.	103 Kulpi Port Holding Pvt. Ltd.
10 Niraj Bajaj	42 Bajaj International Pvt. Ltd.	72 Mukand Ltd.	104 Rajpriya Agro Co. Pvt. Ltd.
11 Niravnayan Bajaj	43 Bajaj Sevashram Pvt. Ltd.	73 Mukand Vini Mineral Ltd.	105 Rajvi Engineering & Investments Pvt. Ltd.
12 Pooja Bajaj	44 Baroda Industries Pvt. Ltd.	74 Sidiya Investments Ltd.	106 Salsette Investments Pvt. Ltd.
13 Rahul Kumar Bajaj	45 Hercules Hoists Ltd.	75 Mukand Ltd. Employees Welfare Funds	107 Shahvir Agro Co. Pvt. Ltd.
14 Rajivnayan Bajaj	46 Hind Musafir Agency Ltd.	76 Aaryaman Vir Shah	108 Sunnydays Agro Co. Pvt. Ltd.
15 Rishab Bajaj	47 Jamnalal Sons Pvt. Ltd.	77 Bansri R. Shah	109 Valiant Investments & Trades Pvt. Ltd.
16 Ruparani Bajaj	48 The Hindustan Housing Company Ltd.	78 Czaee S. Shah	110 Kuber & Co.
17 Sanjali Bajaj	49 Bajaj Auto Employees Welfare Funds	79 Jyoti Shah	111 Aaryaman Trust
18 Sanjivnayan Bajaj	50 Bajaj Electricals Ltd.	80 Kaustubh R. Shah	112 Ananya Foundation
19 Shefali Bajaj	51 Employees Welfare Funds	81 Nalini N. Shah	113 Decree Trust
20 Shekhar Bajaj	52 Anant Trading Company	82 Narendra J Shah	114 Deva Deva Trust
21 Siddhant Bajaj	53 Bachhraj Trading Company	83 Priyadarhika R. Shah	115 Jadavdevi Amita Trust
22 Suman Jain	54 Bajaj Trading Company	84 Rajesh V Shah	116 Jadavdevi Rajesh Trust
23 Sunaina Kejriwal	55 Rishab Trading Company	85 Rishabh Vir Shah	117 Jadavdevi Suketu Trust
24 Manish Kejriwal	56 Anant Trust	86 Suketu V. Shah	118 Jyoti Shah Family Trust
25 Aryaman Kejriwal	57 Aryaman Trust	87 Viren J. Shah	119 Rajesh V. Shah Family Trust
26 Nirvaan Kejriwal	58 Deepa Trust	88 Anjana V. Shah	120 Rajketu Trust
27 Neelima Bajaj Swamy	59 Geetika Trust	89 Amita Virendrakumar Shah	121 Suketu V. Shah Family Trust
28 Aditya Swamy	60 Kriti Trust	90 Adonis Laboratories Pvt. Ltd.	122 Suyojan Charities
29 Bachhraj & Company Pvt. Ltd.	61 Minal Trust	91 Akhil Investments and Trades Pvt. Ltd.	
30 Bachhraj Factories Pvt. Ltd.	62 Neelima Trust	92 Amar Jyoti Agro Co. Pvt. Ltd.	
31 Bajaj Allianz Financial Distributors Ltd.		93 Amivir Agro Co. Pvt. Ltd.	
32 Bajaj Allianz General Insurance Company Ltd.		94 Anant Jeewan Agro Co. Pvt. Ltd.	

**Note:** Shareholding of HUF's are held in the names of the respective individuals in the capacity of Karta. Hence HUF's are not separately listed hereinabove.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1 Engineering Construction Division

#### 1.1 Industry Structure and Developments

The business of the Company continues mainly in the areas of Supply and Erection of equipments for Power Generation Plants, Integrated steel Plants, Aluminum Plants and Hydrocarbon Plants. The contracts cover erection of mechanical plant, Structural Works, Piping Works and Electrical works. The Company also undertakes Engineering and Project Management jobs for Steel plants and Electrical works at Power plants.

#### 1.2 Opportunity and threats

During the year under review, the Company booked new orders valued at ₹ 344.99 Million. These include Fabrication & Erection of Structural of Aluminum Smelter and pump house work in steel plant, mechanical and piping work in Refinery, Civil work etc.

Business in the current year is expected from expansion projects in Integrated Steel Plants, Hydrocarbon Industry as well as in Aluminum and Power Projects.

The cost escalation is provided in the quotation itself. However, the abnormal increases have to be borne by the Company. The risk of time over runs due to delays on account of client not providing site and other facilities results in higher costs. Such costs are claimed by the Company but depends on the clients acceptance and are considered in accounts after it is realized.

#### 1.3 Future Outlook

The Company expects large business opportunities from new projects and expansion of steel plants, Power Projects of National Thermal Power Corporation and Bharat Heavy Electricals Ltd. and expansion of Aluminum plants as well as projects in Hydrocarbon Industry. In power plants, we are now entering for EPC jobs associated with the water system. The Company will continue to acquire business in Refinery in the areas of Piping and other Mechanical jobs. Special emphasis is being given to jobs with engineering inputs.

#### 1.4 Risk Management

As the contracts undertaken by the Company are generally in the Public Sector or reputed private sector companies, the risk of payment defaults by the clients is negligible. The company evaluates project location environment risks before accepting contracts. The provision for escalation in cost due to delays in execution of project is considered while quoting tenders.

### 2 Segment wise Performance

#### Engineering

The income from Engineering operation during the year was ₹ 747.17 Million as against ₹ 1213.18 Million in previous year. Engineering operations earned profit before interest of ₹ 147.67 Million during the year under review as compared to profit of ₹ 123.57 Million in the previous year.

#### Info Tech Division

The Income from Infotech operations remained same. Infotech operations earned profit before interest of ₹ 22.87 Million during the year under review as compared to profit of ₹ 26.21 Million in the previous year.

### 3 Internal Control Systems

The Company has instituted a system of internal control to safeguard and protect the assets of the Company. The Company has also appointed an independent auditor whose reports are regularly reviewed by the Management and guidelines and procedures are formulated and monitored for proper controls.

### 4 Financial Performances

For the year under review turnover and other receipts amount to ₹ 822.80 Million as compared to ₹ 1316.41 Million in the previous year. The profit for the year before interest and depreciation amounted to ₹ 164.10 Million as against profit of ₹ 165.63 Million in the previous year.

The Company continues to have enhanced Fund based facility of ₹ 200 Million and Non Fund based facility of ₹ 450 Million. This will enable the Company to procure more orders.

The Company has received ₹ 9.42 Million by way of interest and instalments against debts purchased from Commerzbank AG.

### 5 Human Resource Management Initiatives

The Company has increased the supervisory and managerial staff . Further recruitments have been planned at various levels to successfully complete new large orders and improve profitability.

### 6 Cautionary Statements

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.

## AUDITOR'S REPORT

To The Members of,  
**MUKAND ENGINEERS LIMITED**  
Mumbai

We have audited the attached Balance Sheet of **Mukand Engineers Limited**, as at **31<sup>st</sup> March, 2011** and also the annexed Profit & Loss Account and the statement of Cash Flows of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the accounting standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) order, 2004 ("the Order") issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - (i) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report, are in agreement with the books of account of the Company;
  - (iv) In our opinion, the Profit & Loss Account and Balance Sheet together with the Notes thereon dealt with by this report, comply with the Mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable;

- (v) On the basis of written representations received from the Directors of the Company as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors of the Company, we report that no Director is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) Without qualifying our opinion, we draw your attention to Note No. B 7 in schedule 20 to the financial statements, relating to the recoverability of the overdue loans, aggregating ₹119,675,000 (Previous Year ₹ 151,675,000) and Interest Receivable thereon, aggregating ₹ 56,589,934 (Previous Year ₹ 62,332,753), at the end of the year, that are due from investment companies (related parties) whose net worth have eroded, and the Management's assessment on their recoverability due to the reason stated therein, which are susceptible to inherent uncertainties which, if not materialized could significantly impact the carrying values of the aforesaid loans & interest thereon.
- (vii) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements, subject to our observation expressed in para 3(vi) above, and read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (b) in the case of the Profit & Loss Account, of the Profit for the year ended on that date and;
  - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**GIRISH M. PATHAK**

*Partner*

Membership No.: 102016

For & on behalf of  
**K. K. MANKESHWAR & CO.**  
*Chartered Accountants*  
FRN 106009W

Mumbai dated the May 26<sup>th</sup>, 2011

**AUDITOR'S REPORT (Contd.)****ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in our report of even date)

- i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As per the explanation given to us, the Fixed assets were physically verified by the Management in accordance with a regular programme covering all the assets over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the management during the year. As per the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on the information and explanations given by the Management and on the basis of audit procedures performed by us, we are of the opinion that the fixed assets disposed off during the year do not constitute a substantial part of fixed assets of the Company and such disposal has not affected the going concern status of the Company.
- ii) (a) The inventory excluding stocks with sub contractors/ third parties has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to information and explanations given to us, the procedures of physically verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, we are of the opinion that the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under 301 of the Company Act, 1956. Consequently, clauses (iii) (a) to (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that certain items purchased/services availed are of special nature for which suitable alternative sources are not readily available for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Company Act 1956, to the best of our knowledge and belief and according to information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register have been so entered.
- (b) Where each of such transaction is in excess of Rupees Five Lacs in respect of any party, transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58 A and 58AA or any other provisions of the Act and the Companies (Acceptance of Deposits) Rules 1975 with regards to deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business however, the same needs to be further strengthened;
- (viii) (a) According to the information and explanations given to us and the records of the Company examined by the us, in our opinion the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Service Tax, Income Tax, Sales Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. The Company is in the process of reconciling Service Tax, Provident Fund, Works Contract Tax, Employees State Insurance and Tax Deducted at Source balances relating to earlier years and the amounts due, if any, will be ascertained on completion of reconciliations. There were no dues towards Custom Duty, Wealth Tax and Excise Duty during the year.



**AUDITOR'S REPORT (Contd.)**

- (b) According to information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Service Tax, Cess and other material statutory dues in arrears as on 31<sup>st</sup> March, 2011 for a period of more than six months from the date they become payable
- (c) According to information and explanations given to us upon our enquiries in this regard and records of the Company, the disputed statutory dues in respect of Income Tax, Service Tax, Customs Duty, Excise Duty, Works Contract Tax and Cess unpaid as at the last day of the financial year, are as under:

Nature of dues	Amount ₹	Period to which the amount relates	Forum where the dispute is pending
Income Tax	8,622,250	2000-01 and 2001-2002	High Court of Bombay
Income Tax	2,429,636	2002-2003	Income Tax Appellate Tribunal
Income Tax	748,636	2005-06	Income Tax Department Authorities
Works Contracts Tax	2,349,419	2001-02 to 2004-05	Sales Tax Department Authorities
Entry Tax	1,009,008	1999-00 to 2003-04	High Court/ Supreme Court

- (ix) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year;
- (x) According to the records of the Company examined by us and information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank during the year. There are no dues to any debenture holder;
- (xi) In our opinion and according to information & explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xii) In our opinion and according to information & explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. All the investments are held by the Company, in its own name;
- (xiii) In our opinion and according to information & explanations given to us and the representations made by the Management, the terms and conditions at which the guarantees given by the Company for loans taken from financial institutions and / or banks by others, are *prima facie* not prejudicial to the interests of the Company;
- (xiv) In our opinion and according to information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xv) On the basis of review of utilization of funds on an overall basis, related information as made available to us and examination of the financial statements of the Company, we are of the opinion that *prima facie* short term funds have not been used for long term purposes during the year;
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act;
- (xvii) According to information and explanations given to us, the Company has not issued any debentures during the year.
- (xviii) The Company has not raised any monies by public issue during the year under review;
- (xix) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Looking at the nature of activities being carried on, at present, by the Company, and also considering the nature of matters referred to in various clauses of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ('the Order') issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, clauses (viii) & (xiii) of paragraph 4 of the aforesaid Order, are in our opinion, not applicable to the Company.

**GIRISH M. PATHAK**  
Partner

Membership No.: 102016

For & on behalf of  
**K. K. MANKESHWAR & CO**  
Chartered Accountants  
FRN 106009W

Mumbai dated the 26<sup>th</sup> May, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	₹	31.03.2011 ₹	31.03.2010 ₹
<b>I. SOURCES OF FUNDS</b>				
<b>(1) Shareholders' Funds :</b>				
(a) Share Capital	1	125,797,500		125,797,500
(b) Reserves and Surplus	2	412,110,709		368,815,913
			<b>537,908,209</b>	494,613,413
<b>(2) Loan Funds :</b>				
(a) Secured Loans	3	129,664,384		31,864,020
(b) Unsecured Loans		243,915,000		257,357,491
			<b>373,579,384</b>	289,221,511
<b>(3) Deferred Tax Liability (Net)</b>				
			<b>15,793,872</b>	23,013,221
<b>TOTAL</b>			<b>927,281,465</b>	<b>806,848,145</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets :</b>				
(a) Assets	4			
(i) Gross Block		274,830,598		260,519,219
(ii) Less: Depreciation /Amortisation		194,009,369		188,041,186
(iii) Net Block		80,821,229		72,478,033
(b) Facilities at Customers' Site		11,061,983		8,453,337
(c) Capital work-in-progress		3,066,567		-
			<b>94,949,779</b>	80,931,370
<b>(2) Investments</b>				
	5		<b>17,560,812</b>	17,560,812
<b>(3) Current Assets, Loans and Advances:</b>				
(a) Inventories	6	149,600,721		98,554,038
(b) Sundry Debtors	7	530,091,356		513,208,384
(c) Cash and Bank Balances	8	49,995,789		93,557,145
(d) Other Current Assets	9	56,742,002		62,673,601
(e) Loans and Advances	10	663,833,686		615,217,227
		1,450,263,554		1,383,210,395
<i>Less :</i>				
<b>Current Liabilities and Provisions :</b>				
(a) Current Liabilities	11	388,321,621		479,720,550
(b) Provisions	12	247,171,059		195,133,882
		635,492,680		674,854,432
<b>Net Current Assets</b>				
			<b>814,770,874</b>	708,355,963
<b>TOTAL</b>			<b>927,281,465</b>	<b>806,848,145</b>
<b>Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts</b>				
	20			

As per our attached report of even date

**GIRISH M. PATHAK**

Partner

Membership No: 102016

For & on behalf of

**K. K. MANKESHWAR & CO.**

Chartered Accountants

Firm Registration No: 106009W

Mumbai, May 26, 2011

**RAJESH V. SHAH**

Chairman

**T. S. ANAND**

Director

**K. P. JOTWANI**

Manager

**P. R. DHRUVA**

Company Secretary

Mumbai, May 26, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	2010-2011		2009-2010
		₹	₹	₹
<b>INCOME</b>				
Income from Operations	13	796,807,985		1,262,818,128
Other Income	14	<u>25,993,251</u>		<u>53,593,981</u>
			<u>822,801,236</u>	<u>1,316,412,109</u>
			<u>822,801,236</u>	<u>1,316,412,109</u>
<b>EXPENDITURE</b>				
Contract execution costs	15	421,277,261		871,746,924
Variation in Inventories	16	(47,337,135)		7,316,015
Employees' remuneration and benefits	17	147,539,885		127,149,034
Administrative and Other expenses	18	137,222,374		144,565,515
Depreciation / Amortisation		8,122,375		7,216,563
Interest and Finance charges	19	<u>60,090,455</u>		<u>34,947,182</u>
			<u>726,915,215</u>	<u>1,192,941,233</u>
<b>Profit for the year before Tax</b>			<u>95,886,021</u>	123,470,876
Provision for Tax				
- Current Tax		36,500,000		33,312,010
- (Excess) / Short Provision for Tax of Earlier Years (Net)		499,638		-
- Deferred Tax (Credit) / Charge		<u>(7,219,349)</u>		<u>8,234,250</u>
			<u>29,780,289</u>	<u>41,546,260</u>
<b>Profit for the year after Tax</b>			<u>66,105,732</u>	81,924,616
Prior Period adjustments (Net) {Refer Note B (12)}			<u>893,000</u>	-
			<u>65,212,732</u>	81,924,616
Balance brought forward from previous year			<u>139,953,453</u>	84,115,893
Balance available for Appropriation			<u>205,166,185</u>	166,040,509
<b>Appropriations:</b>				
Proposed Dividend			<u>(18,858,600)</u>	(18,858,600)
Tax on Equity Share Dividend			<u>(3,059,336)</u>	(3,132,225)
Transferred to General Reserve			<u>(3,260,637)</u>	(4,096,231)
<b>Balance Carried to Balance Sheet</b>			<u>179,987,612</u>	<u>139,953,453</u>
Earnings for EPS			<u>65,212,732</u>	81,924,616
Weighted average number of Equity Shares outstanding during the year			<u>12,572,400</u>	12,572,400
Basic and diluted earnings per share (in ₹)			<u>5.19</u>	6.52
Nominal Value of Share (in ₹)			<u>10</u>	10
<b>Statement of Significant Accounting Policies adopted by the Company and Notes forming part of the Accounts</b>				
	20			

As per our attached report of even date

**GIRISH M. PATHAK**

Partner

Membership No: 102016

For & on behalf of

**K. K. MANKESHWAR & CO.**

Chartered Accountants

Firm Registration No: 106009W

Mumbai, May 26, 2011

**RAJESH V. SHAH**

Chairman

**T. S. ANAND**

Director

**K. P. JOTWANI**

Manager

**P. R. DHRUVA**

Company Secretary

Mumbai, May 26, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	2010-2011		2009-2010	
	₹	₹	₹	₹
<b>A. Cash Flow arising from Operating Activities</b>				
Profit before Tax		95,886,021		123,470,876
<b>Add:</b>				
a) Depreciation	8,122,375		7,216,563	
b) Facilities at Customers' site written off	8,268,854		4,943,241	
c) Loss on Sale of Assets	5,900		1,661,225	
d) Interest and Finance charges	60,090,454		34,947,182	
e) Provision for Doubtful Debts	4,826,197		26,076,852	
f) Bad Debts	1,301,430		960,487	
		<b>82,615,210</b>		<b>75,805,550</b>
<b>Less:</b>				
a) Interest Income	19,948,107		25,655,301	
b) Sundry Balances Apportioned (Net)	-		26,502,331	
c) Dividend on Investments	681,252		52	
d) Profit on Sale of Assets	529,213		-	
		<b>21,158,572</b>		<b>52,157,684</b>
<b>Operating Profit before working capital changes</b>		<b>157,342,659</b>		<b>147,118,742</b>
<b>Add:</b>				
a) Decrease in Inventories	-		7,879,649	
b) Decrease in Long term Bank Deposits for securing Operational Guarantees and/or other statutory obligations	35,208,092		-	
		<b>35,208,092</b>		<b>7,879,649</b>
<b>Less:</b>				
a) Increase in Inventories	51,046,682		-	
b) Increase in Long term Bank Deposits for securing Operational Guarantees and/or other statutory obligations	-		8,383,006	
c) Increase in Trade and Other Receivables	33,620,184		172,418,101	
d) Decrease in Trade Payables	79,814,209		50,969,806	
		<b>164,481,075</b>		<b>231,770,913</b>
<b>Cash Inflow / (Outflow) from Operations</b>		<b>28,069,676</b>		<b>(76,772,522)</b>
<b>Less: Direct taxes Paid</b>	79,649,246		46,109,130	
Prior Period Expenses	1,353,549		-	
		<b>81,002,795</b>		<b>46,109,130</b>
<b>Net Cash Inflow / (Outflow) in the course of Operating Activities</b>		<b>(52,933,119)</b>		<b>(122,881,652)</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

	2010-2011		2009-2010	
	₹	₹	₹	₹
<b>B. Cash Flow arising from Investing Activities</b>				
<b>Inflow:</b>				
a) Sale of Fixed Assets	1,236,274		1,009,082	
b) Interest received	25,879,706		32,054,449	
c) Dividend on Investments	681,252		52	
d) Loans realised	41,424,826		32,030,338	
		<b>69,222,058</b>		<b>65,093,921</b>
<b>Outflow:</b>				
Acquisition of Fixed Assets (Including Facilities at Customers' Site)		<b>30,662,051</b>		<b>30,355,505</b>
<b>Net Cash Inflow in the course of Investing Activities</b>		<b>38,560,007</b>		<b>34,738,416</b>
<b>C. Cash Flow arising from Financing Activities</b>				
<b>Inflow:</b>				
Increase in borrowings (Net)		<b>84,357,873</b>		<b>155,645,026</b>
<b>Outflow:</b>				
a) Dividend paid	21,746,065		-	
b) Interest paid	56,591,959		59,637,455	
		<b>78,338,024</b>		<b>59,637,455</b>
<b>Net Cash Inflow/(Outflow) in the course of Financing Activities</b>		<b>6,019,849</b>		<b>96,007,571</b>
Net (Decrease) in Cash / Cash Equivalents		<b>(8,353,264)</b>		<b>7,864,335</b>
Add: Balance at the beginning of the year		<b>26,482,084</b>		<b>18,617,749</b>
<b>Cash / Cash Equivalents at the close of the year</b>		<b>18,128,820</b>		<b>26,482,084</b>
<b>Cash / Cash Equivalents at the close of the year</b>				
Cash on hand		<b>294,847</b>		<b>1,566,017</b>
Bank balances	<b>49,700,942</b>		91,991,128	
Less: Long term Bank Deposits for Securing Operational Guarantees and /or other statutory obligations	<b>31,866,969</b>		67,075,061	
		<b>17,833,973</b>		<b>24,916,067</b>
		<b>18,128,820</b>		<b>26,482,084</b>

As per our attached report of even date

**GIRISH M. PATHAK**

Partner

Membership No: 102016

For & on behalf of

**K. K. MANKESHWAR & CO.**

Chartered Accountants

Firm Registration No: 106009W

Mumbai, May 26, 2011

**RAJESH V. SHAH**

Chairman

**K. P. JOTWANI**

Manager

**T. S. ANAND**

Director

**P. R. DHURVA**

Company Secretary

Mumbai, May 26, 2011

**SCHEDULES FORMING PART OF THE ACCOUNTS**

Schedules ' 1 ' to ' 20 ' annexed to and forming part of the Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2011

	31.03.2011	31.03.2010
	₹	₹
<b>1. SHARE CAPITAL</b>		
<b>Authorised:</b>		
20,000,000 Equity Shares of ₹ 10/- each	200,000,000	200,000,000
(Previous year : 20,000,000 Equity Shares of ₹ 10/- each)		
500,000 Preference Shares of ₹ 100/- each	50,000,000	50,000,000
(Previous year : 500,000 Preference Shares of ₹ 100/- each)	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued :</b>		
12,592,700 Equity Shares of ₹ 10/- each	125,927,000	125,927,000
(Previous year : 12,592,700 Equity Shares of ₹ 10/- each)	<u>125,927,000</u>	<u>125,927,000</u>
<b>Subscribed and Paid up :</b>		
12,572,400 @ Equity Shares of ₹ 10/- each, fully paid up	125,724,000	125,724,000
(Previous year:12,572,400 @ Equity Shares of ₹ 10/- each, fully paid up)		
Add: Forfeited Shares		
Amounts originally paid up	73,500	73,500
@ Includes 598,500 (Previous year : 598,500) Equity Shares allotted as fully paid up, pursuant to contracts without payments being received in cash.	<u>125,797,500</u>	<u>125,797,500</u>
<b>2. RESERVES AND SURPLUS</b>		
<b>Securities Premium Account :</b>		
As per last Account	224,766,229	224,766,229
<b>General Reserve</b>		
Opening Balance	4,096,231	-
Add: Transfer from Profit & Loss A/c	<u>3,260,637</u>	4,096,231
	7,356,868	4,096,231
<b>Surplus as per Profit and Loss Account</b>	<u>179,987,612</u>	139,953,453
	<u>412,110,709</u>	<u>368,815,913</u>
<b>3. LOAN FUNDS</b>		
<b>Secured Loans :</b>		
Loans from Banks: Working Capital [Refer Note B (1)]	118,692,780	21,843,874
Loans from companies (Secured against machinery purchased thereagainst)	10,971,604	10,020,146
	<u>129,664,384</u>	<u>31,864,020</u>
<b>Unsecured Loans :</b>		
Fixed Deposits	159,415,000	141,222,000
Inter-Corporate Deposits (Short term)	84,500,000	115,700,000
Interest accrued	-	435,491
	<u>84,500,000</u>	116,135,491
	<u>243,915,000</u>	257,357,491
	<u>373,579,384</u>	<u>289,221,511</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**
**4. FIXED ASSETS**

(₹)

	GROSS BLOCK (AT COST/BOOK VALUE)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1st April, 2010	Additions/ Adjustments	Deductions/ Adjustments	As at 31st March, 2011	Upto 1st April, 2010	Depreciation For the Year	Deductions/ Adjustments	Upto 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Intellectual Property Rights (Intangible)	52,000,000	-	-	52,000,000	52,000,000	-	-	52,000,000	-	-
Plant and Machinery	46,076,907	5,568,881	(@)(5,871,219)	57,517,007	16,877,524	2,611,165	(@) (689,251)	20,177,940	37,339,067	29,199,383
Computers	116,747,272	1,669,790	806,221	117,610,841	106,541,762	1,755,235	765,910	107,531,087	10,079,754	10,205,510
ERP Software (Intangible)	1,925,000	-	-	1,925,000	385,000	513,333	-	898,333	1,026,667	1,540,000
Furniture and Fixtures etc.	19,414,592	2,422,178	-	21,836,770	8,121,569	1,152,764	(1,039)	9,275,372	12,561,398	11,293,023
Vehicles	2,935,942	-	405,000	2,530,942	1,567,125	252,878	359,100	1,460,903	1,070,039	1,368,817
Assets acquired under Financing Arrangements	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	13,662,780	7,058,174	(@) 7,067,642	13,653,312	1,344,938	450,435	(@) 1,258,924	536,449	13,116,863	12,317,842
Computers	4,347,726	-	-	4,347,726	521,469	704,766	-	1,226,235	3,121,491	3,826,257
ERP Software (Intangible)	3,409,000	-	-	3,409,000	681,799	681,799	(*) 460,548	903,050	2,505,950	2,727,201
<b>Total</b>	<b>260,519,219</b>	<b>16,719,023</b>	<b>2,407,644</b>	<b>274,830,598</b>	<b>188,041,186</b>	<b>8,122,375</b>	<b>2,154,192</b>	<b>194,009,369</b>	<b>80,821,229</b>	<b>72,478,033</b>
Previous Year's Total	245,722,612	21,327,439	6,530,832	260,519,219	184,685,149	7,216,563	3,860,526	188,041,186	72,478,033	
Facilities at Customers' Site Completed (Refer Policy A(2)(iii))	8,453,337	10,877,500	-	19,330,837		8,268,854		8,268,854	11,061,983	8,453,337
Capital work in progress									3,066,567	-
<b>Total</b>									<b>94,949,779</b>	<b>80,931,370</b>

(\*) Includes ₹ 4,60,548/- Excess Depreciation of earlier years written back.

(@) These assets have been reclassified on account of termination of Hire Purchase Agreement.

	31.03.2011	31.03.2010
	₹	₹
<b>5. INVESTMENTS</b>		
<b>Long Term Investments (At Cost / Book Value):</b>		
<b>Other than Trade :</b>		
<b>Nos. Shares :</b>		
<b>Unquoted:</b>		
Indian Thermal Power Limited		
7,153 Equity Shares of ₹ 10/- each, fully paid up	71,530	71,530
Less: Provision for Diminution in value	<u>(71,530)</u>	<u>(71,530)</u>
	-	-
<b>Quoted:</b>		
Mukand Limited @		
681,200 Equity Shares of ₹ 10/- each, fully paid up	17,036,812	17,036,812
Mukand Limited		
52,400 0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each, fully paid up (Redeemable in five equal annual installments commencing from September, 2019.)	<u>524,000</u>	<u>524,000</u>
	<u>17,560,812</u>	<u>17,560,812</u>
	<u>17,560,812</u>	<u>17,560,812</u>

**Notes:**

- Market value of quoted investments as at 31-03-2011 - ₹ 31,340,440/-, (Previous year : ₹ 45,260,500/-)
  - All the above Investments have been classified by the Company as "Long Term Investments" in view of its intention to hold the same on long term basis.
- @ Pledged as collateral security against working capital facilities availed from Central Bank of India

**6. INVENTORIES [Refer Policy (A) (4) and (5) (iii) ]**

(As taken, Valued and certified by the Management)

Stores and Spares	5,851,335	2,141,787
Contract work-in-progress:		
Incomplete Contract Works	108,841,579	67,486,249
Accumulated Direct Costs	<u>34,907,807</u>	<u>28,926,002</u>
	<u>143,749,386</u>	<u>96,412,251</u>
	<u>149,600,721</u>	<u>98,554,038</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

	31.03.2011	31.03.2010
	₹	₹
<b>7. SUNDRY DEBTORS</b>		
Over Six months : (Unsecured).		
Considered good	142,434,157	77,701,107
Considered doubtful	23,438,114	26,453,366
Less: Provision	<u>23,438,114</u>	<u>26,453,366</u>
	-	-
Other Debts (Unsecured, considered good)	<u>387,657,199</u>	<u>435,507,277</u>
	<u><b>530,091,356</b></u>	<u><b>513,208,384</b></u>
<b>8. CASH AND BANK BALANCES</b>		
Cash on hand [Including Cheques on hand ₹ Nil {Previous year : ₹ 1,279,205/-}]	294,847	1,566,017
Balances with Scheduled Banks :		
(i) In Current Accounts	17,833,973	23,947,549
(ii) In Deposit Accounts [Includes ₹ Nil endorsed in favour of Government authorities as security {Previous Year ₹ 5,000/-} and ₹ 31,290,995 for securing operational guarantees {Previous Year ₹ 67,075,061/-}]	<u>31,866,969</u>	<u>68,043,579</u>
	<u>49,700,942</u>	<u>91,991,128</u>
	<u><b>49,995,789</b></u>	<u><b>93,557,145</b></u>
<b>9. OTHER CURRENT ASSETS</b>		
Interest Receivable {Refer Note B (7)}	<u>56,742,002</u>	<u>62,673,601</u>
	<u><b>56,742,002</b></u>	<u><b>62,673,601</b></u>
<b>10. LOANS AND ADVANCES</b>		
(i) Secured		
Loan to a Company on assignment of debt by a bank {Refer Note B(9)}	151,335,597	160,760,423
(ii) Other Loans and Advances (Unsecured, considered good unless otherwise specified)		
Loans to Other Companies{Refer Note B (7)}	119,675,000	151,675,000
Advances recoverable in cash or in kind or for value to be received	74,107,217	64,894,846
Advance payment of tax including TDS	313,912,996	234,481,296
Trade Deposits	4,802,876	3,405,662
	<u><b>663,833,686</b></u>	<u><b>615,217,227</b></u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

	31.03.2011 ₹	31.03.2010 ₹
<b>11. CURRENT LIABILITIES</b>		
Sundry Creditors {Refer Note B(20)}	289,128,025	293,767,085
Advances received against contracts {Refer Policy A(5)(ii)}	91,273,940	180,642,779
Interest accrued but not due on Loans	7,919,656	5,310,686
	<u>388,321,621</u>	<u>479,720,550</u>
<b>12. PROVISIONS</b>		
For Taxation	201,165,561	164,383,469
For Proposed Dividend	18,858,600	18,858,600
For Tax on Proposed Corporate Dividend	3,059,336	3,132,225
For Warranties	1,000,000	1,000,000
For Employees' Benefits	23,087,562	7,759,588
	<u>247,171,059</u>	<u>195,133,882</u>
	2010-2011 ₹	2009-2010 ₹
<b>13. INCOME FROM OPERATIONS</b>		
Value of Contract Work executed (including supply of materials) {Refer Policy A(5)(i) and A (5) (ii)}	746,570,983	1,213,183,128
Income from Equipment provided	602,002	-
Income from Infotech Business	49,635,000	49,635,000
	<u>796,807,985</u>	<u>1,262,818,128</u>
<b>14. OTHER INCOME</b>		
Interest (Gross) (Tax deducted at source ₹ 2,019,914, Previous year ₹ 5,037,225)	19,948,107	25,655,301
Profit on Sale of Assets	529,213	-
Excess Provision Written Back (Net)	4,540,717	426,895
Sundry Balances Appropriated (Net)	-	26,502,331
Dividend on Investments	681,252	52
Miscellaneous Income	293,962	1,009,402
	<u>25,993,251</u>	<u>53,593,981</u>
<b>15. CONTRACT EXECUTION COSTS</b>		
Sub-contracting Expenses	227,342,879	372,377,036
Cost of Materials Supplied	100,047,188	327,280,336
Stores, Spares and Construction Materials Consumed (Net) (Indigenous)	22,607,263	28,782,138
Equipment Hire Charges	39,085,516	87,401,955
Facilities at Customers' site written off {Refer Policy A(2)(iii)}	8,268,854	4,943,241
Other Operational Expenses	23,925,561	50,962,218
	<u>421,277,261</u>	<u>871,746,924</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

	2010-11	2009-10
	₹	₹
<b>16. VARIATION IN INVENTORIES</b>		
Opening Stocks:		
Incomplete Contract Works	67,486,249	86,478,262
Accumulated Direct Costs	28,926,002	17,250,004
	<u>96,412,251</u>	<u>103,728,266</u>
Closing Stocks:		
Incomplete Contract Works	108,841,579	67,486,249
Accumulated Direct Costs	34,907,807	28,926,002
	<u>143,749,386</u>	<u>96,412,251</u>
	<u>(47,337,135)</u>	<u>7,316,015</u>
<b>17. EMPLOYEES' REMUNERATION AND BENEFITS</b> {Refer Note B(6)}		
Salaries, Wages and other payments	120,143,388	107,506,361
Contribution to Provident and other Funds	17,961,375	10,174,155
Welfare Expenses	9,435,122	9,468,518
	<u>147,539,885</u>	<u>127,149,034</u>
<b>18. ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent	7,894,049	7,138,829
Insurance	1,284,852	672,630
Repairs:		
Plant and Machinery	1,040,585	629,152
Others	6,819,077	5,698,613
	<u>7,859,662</u>	<u>6,327,765</u>
Travelling and Conveyance	16,561,219	14,159,223
Auditors' Remuneration	618,470	623,946
Directors' Fees	184,000	80,000
Bank Charges	297,112	288,183
Bank Guarantee Commission	3,948,904	4,527,884
Legal and Professional Charges	21,279,860	13,220,870
Loss on Assets Discarded / Sold	5,900	1,661,225
Printing and Stationery	2,788,386	1,809,422
Telephone, Telex, etc.	3,738,258	2,672,444
Service Tax and Works Contract Tax	42,745,268	49,015,887
Miscellaneous Expenses	15,447,839	15,329,868
Sundry Balances Appropriated (Net)	6,440,968	-
Bad Debts written off	9,142,879	19,387,170
Less: Doubtful debts provided in earlier years	7,841,449	18,426,683
	<u>1,301,430</u>	<u>960,487</u>
Provision for Doubtful debts	4,826,197	26,076,852
	<u>137,222,374</u>	<u>144,565,515</u>
<b>19. INTEREST AND FINANCE CHARGES</b>		
On Fixed Loans	35,732,374	28,704,113
To Banks and Others	24,358,081	6,243,069
	<u>60,090,455</u>	<u>34,947,182</u>



## 20. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY AND NOTES FORMING PART OF THE ACCOUNTS

### A. Statement of Significant Accounting Policies adopted by the Company:

#### (1) Basis of Accounting:

The financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act, 1956.

#### (2) Fixed Assets and Depreciation :

##### (i) Fixed Assets :

Fixed Assets are stated at cost of acquisition/book value less accumulated depreciation/amortisation. Costs include all expenses incurred to bring the assets to its present location and condition. Fixed assets individually costing ₹ 5000/- or less are depreciated fully in the year of Acquisition.

##### (ii) Depreciation / Amortisation:

- (a) Depreciation on assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except on assets acquired on second hand basis, where depreciation is provided over their remaining estimated useful life.
- (b) Cost of Intangibles capitalised is amortised over their useful life.
- (c) Cost of ERP Software capitalised is amortised over a period of five years.
- (d) Depreciation / Amortisation on additions or on sale/discardment of assets is provided on pro-rata basis from the month of such addition or up to the month of such sale / discardment as the case may be.

##### (iii) Amortisation of Facilities at Customers' site :

All facilities in the nature of assets created at the customers' site and which are to be abandoned at the end of the contract are written off / amortised in equal annual instalments over the period commencing from the year of completion of the facility upto the contracted year for completion of the contract. Billable reimbursements against such facilities, if separately identified in a contract, are similarly credited in equal annual instalments against the write-offs over the said period.

#### (3) Investments :

All Long term investments are stated at cost. Diminution, if any, in the value of investments, other than temporary, is provided for each investment individually.

#### (4) Inventories :

##### (i) Stores and Spares :

Stores and Spares are valued at cost or net realisable value whichever is lower, computed on 'First in First out' basis. Cost comprises of all costs of purchase and other costs incurred in bringing the inventories to its present location and condition.

##### (ii) Incomplete Contract Works under Contract Work-in-Progress:

"Incomplete Contract Works" are valued by the direct cost method. The direct cost rate is determined for each contract separately by considering all direct costs specifically

attributable to each contract. The concept of valuation of "Incomplete Contract Works" under "Contract Work-in-Progress" arises only after the stage when direct costs under each contract are not carried forward any further as "Accumulated Direct Costs" as contemplated in policy 5 (iii) below.

#### (5) Income and Expenditure :

##### Engineering construction business:

- (i) Income by way of revenue arising out of execution of contract work (including supply of materials), is credited as "Income" only after at least 15% of the total estimated contract costs (i.e. direct and indirect costs) in respect of each contract are incurred (on accrual basis). Such revenue is recognised, as the contract progresses, by reference to the stage of completion of each contract and the invoices acknowledged by the customer's representative. Procurement of goods and materials, prior to commencement of the contract activity, is not considered as a progress in the contract activity and hence, no revenue is recognised, although, value of such goods and materials procured, exceeds 15% of the estimated contract costs.
- (ii) The Company follows the "Percentage of Completion Method" of accounting for execution of contract work. The revenue from the execution of contracts is recognised proportionately with the degree of completion achieved under each contract, matching revenue with expenses incurred. Therefore, the invoices raised for claiming periodic payments from customers are not accounted as income and the "Sundry Debtors / Advances received against Contracts" are reflected accordingly. Claims made on account of escalation in costs and on account of variation in contract work approved by the customers, are both, recognised as revenue only when and to the extent of the acceptance/realisation of the amount of the claim or variation.
- (iii) Direct costs i.e. all costs related to contracts, which are accounted on accrual basis, are charged to revenue in respect of each contract undertaken, only after at least 15% of the total estimated contract costs (i.e. all direct and indirect costs) in respect of each contract are incurred. Till such time, all such direct costs accounted in respect of each contract are carried forward to the next accounting year as "Accumulated Direct Costs" under "Contract Work-in-Progress". Indirect costs are treated as expenses for the year in which they are incurred on accrual method of accounting and charged to revenue.

##### Infotech Business:

- (iv) Income from EDP services provided is accounted on accrual basis.

**Other Income and Expenditure:**

- (v) Other Revenue / Income and Costs / Expenditure are generally accounted on accrual, as they are earned or incurred.

**(6) Use of Estimates :**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Differences between actual results and estimates are recognised in the period in which results are known.

**(7) Retirement and other Employee Benefits:**

- (i) **Short term employee benefits** are recognised as an expense at the undiscounted amount in the Profit and Loss Account for the year in which the related service is rendered.
- (ii) **Post employment benefits**
- (a) **Defined contribution plans:** Company's contribution to the superannuation scheme, state governed provident fund scheme, etc. are recognised during the year in which the related service is rendered.
- (b) **Defined benefit plans:** The present value of the gratuity obligation is determined based on an actuarial valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit and Loss Account. The gratuity liability is funded with the Life Insurance Corporation of India and the fair value of the plan assets, is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on a net basis.
- (iii) **Long term compensated absences** are provided on the basis of an actuarial valuation.
- (iv) **Termination Benefits** are recognised as an expense in the Profit and Loss Account for the year in which they are incurred.

**(8) Foreign Currency Fluctuations:**

- (i) All transactions in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place;
- (ii) Monetary items in the form of Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is accounted during the year;

**(9) Borrowing Costs :**

Interest and other borrowing costs attributable to qualifying assets are Capitalised. Other interest and borrowing costs are charged to revenue.

**(10) Taxation :**

Income-tax expense comprises Current tax and Deferred tax charge or credit.

- (i) Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Minimum Alternate Tax (MAT) eligible for set off in subsequent years, (as per tax laws) is recognized as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realisation. At each balance sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassure realisation.
- (ii) The Deferred tax Asset and Deferred tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax Assets on account of other timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred tax Assets are reviewed to reassure realisation.

**(11) Impairment of Assets:**

The Company, at each balance sheet date, assesses whether there is any indication that an individual asset or group of assets constituting a Cash Generating Unit (CGU) may be impaired. Provision for impairment loss is recognised where the recoverable amount of an asset or a CGU, is less than its carrying amount. Provisions for impairment losses recognised in earlier years are further reviewed at each balance sheet date and adjusted for changes in the estimated recoverable amount of asset / CGU.

**(12) Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

**(13) Assets taken on lease :**

Assets taken on finance lease are accounted in accordance with Accounting Standard 19 on Leases. Lease payments are apportioned between finance charges and reduction of outstanding liabilities.

**B. Notes forming part of the Accounts :**

**1. Loan Funds :**

**Nature of security for Secured Loans:**

Cash credit facilities from Central Bank of India are secured by hypothecation of all, present and future, stocks, book debts and moveable fixed assets excluding assets taken on hire purchase, of the Company. [Also refer footnote (@) under Schedule 5].

**2. Contingent Liability not provided for:**

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
(i) Disputed Income Tax Dues	<b>26,098,075</b>	63,780,499
(ii) Disputed Works Contract Tax Dues	<b>2,170,085</b>	2,170,085
(iii) Corporate Guarantee given by the Company on behalf of a company	<b>60,000,000</b>	60,000,000
(iv) Counter Guarantees given by the Company on behalf of a company	<b>291,287,071</b>	664,334,669
(v) The Company has given performance guarantees and / or guarantees against advances received from the clients in the course of its business. Based on the past experience, Company is of the opinion that no liability would arise on this account and as such the liability, if any, can not be estimated.		

3. In the opinion of the Board of Directors, all items of Current Assets, Loans and Advances continue to have a realisable value of at least the amounts at which they are stated in the Balance Sheet, unless otherwise stated.

<b>Expenditure in Foreign Currency:</b>	<b>2010-2011</b> ₹	2009-2010 ₹
(i) Foreign Travelling Expenses	-	123,865
	-	<u>123,865</u>

<b>Auditors' Remuneration:</b>	<b>2010-2011</b> ₹	2009-2010 ₹
(i) As Auditors	<b>375,000</b>	375,000
(ii) As Tax Auditors	<b>25,000</b>	25,000
(iii) For Other Matters	<b>120,000</b>	120,000
(iv) For Certification work	<b>90,000</b>	90,000
(v) Out of pocket expenses	<b>8,470</b>	13,946
	<b><u>618,470</u></b>	<u>623,946</u>

<b>Managerial Remuneration:</b>	<b>2010-2011</b> ₹	2009-2010 ₹
Salary and allowances	<b>2,178,702</b>	1,975,171
Contribution to Provident and Other Funds	<b>149,559</b>	132,685
Perquisites (including approximate money value)	<b>201,487</b>	338,116
	<b><u>2,529,748</u></b>	<u>2,445,972</u>

The employee-wise break-up of liability on account of employee benefits based on actuarial valuation is not ascertainable. The amounts relating to the Manager are, therefore, disclosed in the year of payment.

7. The Company has, as at 31st March, 2011 loans aggregating ₹ 119,675,000/- (Previous Year - ₹ 151,675,000/-) and interest

recoverable aggregating ₹ 56,589,934/- (Previous Year - ₹ 62,332,753/-) due from investment companies. The net worth of these companies has eroded. On the undertaking by these companies to pay the principal amount along with interest, (accrued upto 31st March, 2003) the Company had agreed to waive interest on these loans with effect from 1st April, 2003. As a matter of prudence, the Company had already stopped accounting for interest income on these loans with effect from 1st April, 2003. The management, based on its assessment of the estimated realisable values of the financial assets of these companies, believes that the Company would still be able to recover the loans and interest as mentioned above.

8. During the year, the Company has approved one time settlement with an investment company, referred to in Note No. B (7) above, to settle the total outstanding amount as on 30.12.2010. Accordingly, the investment company has paid an amount of ₹ 7,071,410/- towards principal outstanding. The balance amount of ₹ 7,071,409/- (Principal ₹ 1,328,590/- and interest ₹ 5,742,819/-) is written off during the year.

9. As per the understanding reached by Mukand Limited with Commerzbank AG as recorded in the Consent Terms filed in the Debt Recovery Tribunal, the Company during financial year 2002-2003 joined as a surety under the said Consent Decree to pay a sum of ₹ 76,000,000/- in the manner specified in the Consent terms, whereby the Company became entitled to assignment of the entire outstanding debt of ₹ 160,858,072/- due by Mukand Limited to the Bank together with the security held by the Bank. The Company discharged its obligations under the said Consent Terms and the aforesaid debt has been assigned in its favour. The difference between the face value of debt assigned to the Company and the obligation discharged by it aggregating ₹ 84,858,072/- was credited to the Profit and Loss Account as "Exceptional Income" during 2002-2003.

During the year 2009-10, the Company re-participated along with other secured creditors in restructuring of Mukand Limited's debts to receive the payment of principal amount and interest only over a period of 9 years (earlier 12 years), on similar lines, as other secured creditors, who have accepted the Financial Restructuring Package (FRP) approved by the Corporate Debt Restructuring Cell for Mukand Limited. As per the aforesaid FRP, interest for the period 1st April, 2002 to 30th September, 2004 was converted into a loan to be repaid till March 2013. The Principal amount will be repaid till March, 2015 as per the said FRP. The Company has ceded pari-passu charge on certain current assets and fixed assets of Mukand Limited to the extent of Priority Debt raised by Mukand Limited.

10. As per the practice, the Company assigns certain specific jobs to sub-contractors at various sites. As per the terms, the sub-contractors are primarily responsible for payment of

wages and all other employee benefits to its workmen engaged at the site. Whenever the sub-contractors had left the site and abandoned the contract without fulfilling their obligation to the workmen, the Company, as a principal employer, had paid an amount of ₹160,032,791/- in earlier years, to sub-contractors' workmen engaged and working on the site under Company's supervision. As the sub-contractors have not settled their accounts for a long time, the balances appearing in provision for expenses account and in sub-contractors' accounts are reversed during the year.

11. During the year, the Company reconciled old balances appearing in Contract Control Accounts (grouped under Debtor's balances) and accordingly an amount of ₹ 5,813,417/- (Net) is written off and included in "Sundry Balances Appropriated" in schedule 18.

12. **Prior period adjustments represent :**

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
(i) Debit relating to earlier years	1,353,548	—
(ii) Depreciation adjustment (Net)	(460,548)	—
	<b>893,000</b>	—

13. **Components of Deferred Tax Assets / Liabilities are as under:**

	As at 31.3.2011 ₹	As at 31.3.2010 ₹
Deferred Tax Liability on account of :		
(i) Depreciation	13,947,055	13,251,426
(ii) Income deferred for tax purposes	23,118,662	24,466,824
	<b>37,065,717</b>	<b>37,718,250</b>
Deferred tax assets on account of :		
(i) Employee benefits	8,816,505	3,294,602
(ii) Taxes, Duties etc.	4,669,199	2,418,930
(iii) Provision for doubtful debts	7,786,141	8,991,497
	<b>21,271,845</b>	<b>14,705,029</b>
<b>Net Liability</b>	<b>15,793,872</b>	<b>23,013,221</b>

14. **Disclosures in respect of Finance Lease arrangements :**

Particulars	Not later than one year ₹	Later than one year not later than five years ₹	Later than five years ₹
Minimum Instalments Payable (MIP)	7,745,352	4,468,566	-
	(5,897,940)	(5,783,209)	(-)
Present Value of Instalments Payable (PVIP)	6,845,363	4,164,548	-
	(4,919,554)	(5,099,179)	(-)

Previous year figures are in brackets

15. **Related parties disclosures :**

(i) **Relationships :**

- (a) Related parties where control / significant influence exists:

- 1 Mukand Limited
- 2 Indian Thermal Power Limited
- 3 Mukand Global Finance Limited (MGFL)
- 4 Mukand International Limited, UK
- 5 Mukand International FZE, UAE
- 6 Vidyavihar Containers Limited (VCL)
- 7 Mukand Vijaynagar Steel Limited
- 8 Bombay Forgings Limited
- 9 Stainless India Limited
- 10 Hospet Steels Limited
- 11 Kalyani Mukand Limited
- 12 Jamnalal Sons Private Limited
- 13 Mukand Bekaert Wire Industries Private Limited
- 14 Mukand Vini Mineral Limited
- 15 Conquest Investments & Finance Limited (Conquest)
- 16 Econium Investments & Finance Limited (Econium)
- 17 Fusion Investments & Financial Services Limited (Fusion)
- 18 Catalyst Finance Limited (Catalyst)
- 19 Primus Investments & Finance Limited (Primus)
- 20 Lineage Investments Limited (Lineage)

- (b) Key Management Personnel: Shri K. P. Jotwani-Manager.

Note : Related party relationship is as identified by the Company and relied upon by the Auditors.

**(ii) Transactions with related parties referred in (i) above, in the ordinary course of business:**

Nature of Transactions	2010-2011 ₹		2009 – 2010 ₹	
	Referred in (i)(a) above	Referred in (i)(b) above	Referred in (i)(a) above	Referred in (i)(b) above
<b>Sales – Mukand Ltd</b>				
• Contracts executed (including supply of materials)	209,887,687		143,040,234	
• EDP Services(including Service Tax)	49,635,000		49,635,000	
<b>Purchases :</b>				
<b>Other Payments / Expenditure</b>				
• Rent – Mukand Ltd	1,453,000		1,675,250	
• Reimbursement of Expenses - Mukand Ltd	4,577,996		3,392,590	
• Remuneration		2,529,748		2,445,972
• Legal and Professional Charges - MGFL	300,000		330,908	
• Procurement of Assets – Mukand Ltd	2,478,118		2,398,747	
• Irrecoverable Interest written off – Lineage	5,742,819		—	
• Irrecoverable Loans Written off - Lineage	1,328,590		—	
<b>Finance</b>				
• Loan repayments received				
Mukand Ltd	9,424,826		4,255,338	
Conquest	2,500,000		—	
Catalyst	2,600,000		12,600,000	
Econium	—		6,100,000	
Fusion	—		11,825,000	
Primus	8,900,000		5,250,000	
Lineage	16,671,410		—	
• Loan Given – Lineage	—		8,000,000	
• Loan taken repaid – VCL	—		400,000	
• Interest paid - VCL	435,491		—	
• Interest received/receivable -				
Mukand Ltd	16,486,589		21,219,580	
Lineage	991,562		—	
<b>Outstanding balances at the close of the year :</b>				
• As Debtors - Mukand Ltd	124,579,048		51,884,613	
• Advance received against contract - Mukand Ltd	—		19,515,822	
• Rent Deposits given - Mukand Ltd	650,000		650,000	
• Interest Receivable -				
Catalyst	6,590,775		6,590,775	
Conquest	24,449,427		24,449,427	
Econium	8,027,027		8,027,027	
Fusion	7,041,740		7,041,740	
Lineage	—		5,742,819	
Primus	10,480,965		10,480,965	
• Loans receivable -				
Mukand Ltd	151,335,597		160,760,423	
Catalyst	10,350,000		12,950,000	
Conquest	33,300,000		35,800,000	
Econium	33,900,000		33,900,000	
Fusion	16,275,000		16,275,000	
Lineage	—		18,000,000	
Primus	25,850,000		34,750,000	
• Counter Guarantees given by the Company - Mukand Ltd	291,287,071		664,334,669	
• Interest accrued and due - VCL	—		435,491	
• Guarantees given by the Company - Mukand Ltd	60,000,000		60,000,000	

**16. SEGMENT INFORMATION**
**A. BUSINESS SEGMENT – PRIMARY**

(₹)

Particulars	Construction		Infotech		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Segment Revenue</b>						
External Revenue	747,172,985	1,213,183,128	49,635,000	49,635,000	796,807,985	1,262,818,128
Inter segment Revenue	—	—	—	—	—	—
Total Revenue	747,172,985	1,213,183,128	49,635,000	49,635,000	796,807,985	1,262,818,128
<b>Segment Result before interest and tax</b>	147,669,644	123,573,124	22,866,458	26,209,400	170,536,102	149,782,524
Add /(Less): Unallocated Income / (Expenses) (Net)					(15,452,627)	8,635,534
Interest and Finance charges					(60,090,454)	(34,947,182)
Deferred Tax Credit / (Charge)					7,219,349	(8,234,250)
Provision for Current Tax					(36,500,000)	(33,312,010)
Minimum Alternate Tax (MAT) Credit Entitlement					—	—
Excess / (Short) Provision for Taxation (Net of MAT Credit Entitlement)					(499,638)	—
<b>Net Profit</b>					65,212,732	81,924,616
<b>Other Information</b>						
<b>Segment Assets</b>	820,324,049	694,535,381	21,124,516	20,593,922	841,448,565	715,129,303
Unallocated Corporate assets					721,325,579	726,330,647
<b>Total assets</b>	820,324,049	694,535,381	21,124,516	20,593,922	1,562,774,144	1,441,459,950
<b>Segment Liabilities</b>	389,100,054	472,903,401	4,604,246	3,100,123	393,704,300	476,003,524
Unallocated Corporate liabilities					631,161,637	511,085,640
<b>Total liabilities</b>	389,100,054	472,903,401	4,604,246	3,100,123	1,024,865,937	987,089,164
<b>Capital Expenditure</b>						
Segment capital expenditure	28,945,944	20,610,627	29,391	137,751	28,975,335	20,748,378
Unallocated capital expenditure					1,687,755	9,607,127
<b>Total capital expenditure</b>	28,945,944	20,610,627	29,391	137,751	30,663,090	30,355,505
<b>Depreciation</b>						
Segment depreciation	4,386,205	4,399,235	1,411,456	1,492,354	5,797,661	5,891,589
Unallocated depreciation					2,324,714	1,324,974
<b>Total depreciation</b>	4,386,205	4,399,235	1,411,456	1,492,354	8,122,375	7,216,563
<b>Significant Non Cash Expenditure</b>					-	-

**Notes**

- Unallocated income includes interest received ₹19,948,107/- (Previous Year ₹ 25,655,301/-)
- Unallocated assets mainly relate to Loans to Companies, Advance Tax and Investments. Unallocated liabilities mainly relate to Loan Funds and Tax Liabilities

**B : Other Disclosures**

- Segments have been identified in line with the Accounting Standard (AS) 17 on Segment Reporting taking into account the organisation structure as well as the differential risks and returns of these segments.
- The Company has disclosed Business Segment as the primary segment.
- Types of products and services in each business segment :

<u>Business Segment</u>	<u>Types of Products and services</u>
a) Construction	- Construction and Engineering activities
b) Infotech	- ERP Implementation and EDP Services
- The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
- Secondary Segment Information - Geographical Segment : The operations of the Company are, at present, only in India within a single Geographical Segment.



17. i) The Company has recognised ₹10,183,589/- (Previous Year ₹ 9,094,367/-) as contribution towards defined contribution plans as an expense in the Profit and Loss Account.
- ii) The disclosures in respect of the Defined Benefit Gratuity Plan to the extent information is available with the Company, are given below :

	Year ended 31 <sup>st</sup> March 2011 ₹	Year ended 31 <sup>st</sup> March 2010 ₹
<u>Changes in present value of obligations:</u>		
a. Present value of Obligations at the beginning of the year	95,28,256	8,372,045
b. Interest cost	738,440	627,903
c. Current service cost	1,425,143	921,114
d. Actuarial Losses / (Gains)	64,26,577	307,194
e. Benefits paid	(667,887)	(700,000)
f. Present value of Obligations at the close of the year	<u>17,450,529</u>	<u>9,528,256</u>
<u>Changes in Fair Value of plan assets (Managed by LIC) :</u>		
a. Fair value of plan assets at the beginning of the year	8,645,104	8,185,770
b. Expected return on Plan Assets	830,654	727,956
c. Contributions	1,666,080	431,378
d. Benefits Paid	(667,887)	(700,000)
e. Actuarial gain / (loss) on Plan Assets	Nil	Nil
f. Fair value of plan assets at the close of the year	<u>10,473,951</u>	<u>8,645,104</u>
<u>Reconciliation of present value of the obligation and the fair value of plan assets and amount recognised in the balance sheet:</u>		
a. Present value of Obligations at the close of the year	17,450,529	9,528,256
b. Fair value of plan assets at the close of the year	(10,473,951)	(8,645,104)
c. Net Liability / (Asset) recognised	<u>69,76,578</u>	<u>883,152</u>
<u>Amounts recognised in the Profit and Loss Account:</u>		
a. Current Service Cost	14,25,143	921,114
b. Interest Cost	738,440	627,903
c. Expected Return on plan assets	(830,654)	(727,956)
d. Actuarial Loss	64,26,577	307,194
e. Expenses recognised	<u>77,59,506</u>	<u>1,128,255</u>
<u>Actuarial Assumptions at the Balance Sheet date:</u>		
Discount Rate	8.00%	7.75%
Expected rate of return on Plan Assets	9.25%	9.25%
Salary Escalation rate*	5.50%	5.25%

\* The estimated salary escalation rate takes into account inflation, seniority, promotion and other relevant factors.

18. (A) Details of loans and advances in the nature of loans from associates and shares held by loanees (stipulated under clause 32 of the listing agreement with Stock Exchanges).

Name of the party	Outstanding Amount ₹		Maximum Balance Outstanding during the year ₹	
	As at 31.03.2011	As at 31.03.2010	2010-2011	2009- 2010
<b>Associates</b>				
* Mukand Ltd.	151,335,597	160,760,423	160,760,423	165,015,761
Catalyst Finance Ltd.	10,350,000	12,950,000	12,950,000	25,550,000
Conquest Investments & Finance Ltd.	33,300,000	35,800,000	35,800,000	35,800,000
Econium Investments & Finance Ltd.	33,900,000	33,900,000	33,900,000	40,000,000
Fusion Investments & Financial Services Ltd.	16,275,000	16,275,000	16,275,000	28,100,000
Lineage Investments Ltd.	NIL	18,000,000	18,000,000	18,000,000
Primus Investments & Finance Ltd.	25,850,000	34,750,000	34,750,000	40,000,000

\* Also a Company in which Directors are interested as Directors.

(B) Shares held by the loanees in the capital of the Company

Name of the Loanee	No. of shares held by Loanee		Maximum no. of shares held by Loanee during the year	
	As at 31.03.2011	As at 31.03.2010	2010-2011	2009- 2010
Mukand Ltd.	4,539,781	4,539,781	4,539,781	4,539,781
Catalyst Finance Ltd.	-	-	-	40,000
Econium Investments & Finance Ltd.	-	-	-	200,600
Fusion Investments & Financial Services Ltd.	-	-	-	60,000
Primus Investments & finance Ltd.	141,600	141,600	141,600	227,400

19. Disclosure regarding Contracts in progress

	Year Ended 31.03.2011 ₹ '000	Year Ended 31.03.2010 ₹ '000
Contract Costs incurred and recognized profits (less recognized losses)	1,885,095	1,940,327
Advances received	29,098	109,088
The amount of retention (Included in Sundry Debtors)	80,457	69,309

20. Sundry Creditors in Schedule '11' to the Accounts include (i) ₹ NIL (Previous Year ₹ Nil) due to Micro, Small and Medium Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) ₹ 289,128,025/- (Previous Year ₹ 293,767,085/-) due to other creditors. During the year, no amounts have been paid beyond the appointed day in terms of the MSME and there are no amounts paid towards interest. Further, there is no interest accrued / payable under the said act at the close of the year. The disclosure above is based on the information available with the Company regarding the status of supplier's under the MSME.
21. Balances of Sundry Debtors, Loans & advances and Sundry creditors are subject to confirmation and are as per books of account only.
22. Figures for Previous year, which were audited by a firm of Chartered Accountants other than K.K. Mankeshwar & Co., have been regrouped / recast wherever necessary.

Signatures to Schedules "1" to "20"

As per our attached report of even date

**GIRISH M. PATHAK**

Partner

Membership No: 102016

For & on behalf of

**K. K. MANKESHWAR & CO.**

Chartered Accountants

Firm Registration No: 106009W

Mumbai, May 26, 2011

**RAJESH V. SHAH**

Chairman

**T. S. ANAND**

Director

**K. P. JOTWANI**

Manager

**P. R. DHRUVA**

Company Secretary

Mumbai, May 26, 2011

**Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956 vide  
Notification No. G.S.R.388(E) dated May 15, 1995 :**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE : (PART IV)**

**I. REGISTRATION DETAILS :**

Registration No. 

1	1	-	4	2	3	7	8
---	---	---	---	---	---	---	---

 State Code : 

1	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
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D D M M Y Y Y Y

**II. CAPITAL RAISED DURING THE YEAR : (Amount in ₹ Thousands)**

Public Issue	Rights Issue														
<table border="1"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	<table border="1"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									
Bonus Issue	Private Placement														
<table border="1"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	<table border="1"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amount in ₹ Thousands)**

	Total Liabilities		Total Assets														
	<table border="1"><tr><td></td><td>9</td><td>2</td><td>7</td><td>2</td><td>8</td><td>2</td></tr></table>		9	2	7	2	8	2		<table border="1"><tr><td></td><td>9</td><td>2</td><td>7</td><td>2</td><td>8</td><td>2</td></tr></table>		9	2	7	2	8	2
	9	2	7	2	8	2											
	9	2	7	2	8	2											
<b>Sources of Funds</b>																	
	Paid up Capital		Reserves and Surplus														
	<table border="1"><tr><td></td><td>1</td><td>2</td><td>5</td><td>7</td><td>9</td><td>8</td></tr></table>		1	2	5	7	9	8		<table border="1"><tr><td></td><td>4</td><td>1</td><td>2</td><td>1</td><td>1</td><td>1</td></tr></table>		4	1	2	1	1	1
	1	2	5	7	9	8											
	4	1	2	1	1	1											
	Secured Loans		Unsecured Loans														
	<table border="1"><tr><td></td><td>1</td><td>2</td><td>9</td><td>6</td><td>6</td><td>4</td></tr></table>		1	2	9	6	6	4		<table border="1"><tr><td></td><td>2</td><td>4</td><td>3</td><td>9</td><td>1</td><td>5</td></tr></table>		2	4	3	9	1	5
	1	2	9	6	6	4											
	2	4	3	9	1	5											
	Deferred Tax																
	<table border="1"><tr><td></td><td></td><td>1</td><td>5</td><td>7</td><td>9</td><td>4</td></tr></table>			1	5	7	9	4									
		1	5	7	9	4											
<b>Application of Funds</b>																	
	Net Fixed Assets		Investments														
	<table border="1"><tr><td></td><td></td><td>9</td><td>4</td><td>9</td><td>5</td><td>0</td></tr></table>			9	4	9	5	0		<table border="1"><tr><td></td><td></td><td>1</td><td>7</td><td>5</td><td>6</td><td>1</td></tr></table>			1	7	5	6	1
		9	4	9	5	0											
		1	7	5	6	1											
	Net Current Assets		Miscellaneous Expenditure														
	<table border="1"><tr><td></td><td>8</td><td>1</td><td>4</td><td>7</td><td>7</td><td>1</td></tr></table>		8	1	4	7	7	1		<table border="1"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
	8	1	4	7	7	1											
				N	I	L											
	Accumulated Losses																
	<table border="1"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L									
				N	I	L											

**IV. PERFORMANCE OF COMPANY : (Amount in ₹ Thousands)**

	Turnover (Including Other Income)		Total Expenditure														
	<table border="1"><tr><td></td><td>8</td><td>2</td><td>2</td><td>8</td><td>0</td><td>1</td></tr></table>		8	2	2	8	0	1		<table border="1"><tr><td></td><td>7</td><td>2</td><td>6</td><td>9</td><td>1</td><td>5</td></tr></table>		7	2	6	9	1	5
	8	2	2	8	0	1											
	7	2	6	9	1	5											
+ -	Profit / (Loss) before tax	+ -	Profit / (Loss) after tax														
<input checked="" type="checkbox"/>	<table border="1"><tr><td></td><td></td><td>9</td><td>5</td><td>8</td><td>8</td><td>6</td></tr></table>			9	5	8	8	6	<input checked="" type="checkbox"/>	<table border="1"><tr><td></td><td></td><td>6</td><td>6</td><td>1</td><td>0</td><td>6</td></tr></table>			6	6	1	0	6
		9	5	8	8	6											
		6	6	1	0	6											
+ -	Earnings per share in ₹	+ -	Dividend Rate (%)														
<input checked="" type="checkbox"/>	<table border="1"><tr><td></td><td></td><td></td><td>5</td><td>.</td><td>1</td><td>9</td></tr></table>				5	.	1	9	<input checked="" type="checkbox"/>	<table border="1"><tr><td></td><td></td><td></td><td></td><td>1</td><td>5</td><td>%</td></tr></table>					1	5	%
			5	.	1	9											
				1	5	%											

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY :**

Item Code No. (ITC Code) 

N	O	T	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description 

E	N	G	I	N	E	E	R	I	N	G	C	O	N	S	T	R	U	C	T	I	O	N
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(₹ in Million)

<b>FINANCIAL HIGHLIGHTS</b>					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
<b>I CAPITAL ACCOUNTS</b>					
A. Share Capital	126	126	126	126	126
B. Reserves	247	269	309	369	412
C. Net Worth (A+B)	373	395	435	495	538
D. Borrowings	265	287	159	290	374
E. Capital Employed (C+D)	638	682	594	785	912
F. Gross Block (including facilities at Customers' Site)	262	277	259	274	297
G. Net Block	58	68	65	81	95
H. Debt-Equity Ratio (D/C)	0.71:1	0.73:1	0.37:1	0.59:1	0.69:1
<b>II REVENUE ACCOUNTS</b>					
A. Gross Revenue	310	286	560	1316	823
B. Profit before Taxes (PBT)	16	22	46	123	96
C. Profit after Taxes (PAT)	17	22	40	82	66
D. Return on Shareholders' Funds %	4.56	5.32	9.20	16.57	12.27
<b>III EQUITY SHAREHOLDERS' EARNINGS</b>					
A. Equity Dividend	-	-	-	19	19
B. Earnings per Equity Share (in Rs.)	1.25	1.70	3.18	6.52	5.19
C. Dividend per Equity Share (in Rs.)	-	-	-	1.50	1.50
D. Networth per Equity Share (in Rs.)	29.7	31.40	34.57	39.28	42.70

**ATTENDANCE SLIP**
**MUKAND ENGINEERS LIMITED**

Registered Office : Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

Shares held in Demat Form		Shares held in Physical Form	
DP ID :		Folio No.	
Client ID :		No. of Shares	
No. of Shares			

I/We hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting of the Company on Thursday, the 28<sup>th</sup> July, 2011 at 3.30 p.m. at the Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

NAME &amp; ADDRESS OF THE SHAREHOLDER

\_\_\_\_\_  
Member's / Proxy's  
Signature

NOTE : Shareholders/Proxy holders are requested to bring this Attendance Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it. The copy of Annual Report may please be brought to the meeting hall.

**PROXY FORM**
**MUKAND ENGINEERS LIMITED**

Registered Office : Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400 021.

Shares held in Demat Form		Shares held in Physical Form	
DP ID :		Folio No.	
Client ID :		No. of Shares	
No. of Shares			

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a Member/Members of MUKAND ENGINEERS LIMITED  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or  
failing him / her \_\_\_\_\_ of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on  
Thursday, the 28<sup>th</sup> July, 2011 at 3.30 p.m. at the Kamalnayan Bajaj Hall, Bajaj Bhawan, Jamnalal Bajaj Marg, 226,  
Nariman Point, Mumbai - 400 021.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix  
Re. 1/-  
Revenue  
Stamp

NOTE : The proxy form duly completed and stamped must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

**BOOK-POST**

*If undelivered, please return to :*



Bajaj Bhawan, Jamnalal Bajaj Marg,  
226, Nariman Point,  
Mumbai - 400 021.