

23rd Annual Report 2007-2008



MIVEN MACHINE TOOLS LIMITED

CONTENTS	Page No.
Board of Directors	1
Directors' Report & Annexure	2-6
Corporate Governance	7-13
Management Discussion & Analysis Report	14
Auditors' Report & Annexure	15-17
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20-21
Schedules	22-37
Proxy Form & Attendance Slip	---

MIVEN MACHINE TOOLS LIMITED

(FOR MEMBERS ONLY)

N O T I C E

NOTICE is hereby given that the **TWENTYTHIRD ANNUAL GENERAL MEETING** of the members of MIVEN MACHINE TOOLS LTD. will be held at the Registered Office of the company at Tarihal Industrial Area, Tarihal, Hubli 580 026 (Karnataka) on Friday, the 19th September, 2008 at 3.30 P.M. to transact the following business :

AS ORDINARY BUSINESS :

- 1 To consider and adopt the Audited Balance Sheet as at 31st March, 2008, the Profit and Loss Account and Cash Flow Statement for the year ended on that date and the report of the Directors and Auditors thereon.
- 2 To appoint a Director in place of Mr.D.N. Upponi, who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint a Director in place of Mr. A.R. Menon, who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint Auditors and fix their remuneration and for this purpose, to consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution pursuant to Article 215 of the Articles of Association of the company.

“RESOLVED THAT M/s. B K Ramadhyani & Company, Chartered Accountants, Bangalore, the retiring auditors, be and are hereby re-appointed as auditors of the company pursuant to Article 215 of the Articles of Association of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company. AND THAT the Board of Directors of the company be and are hereby authorised to fix their remuneration”.

AS SPECIAL BUSINESS :

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

“RESOLVED THAT subject to provisions of Sections 198,269, 309 and 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and with the recommendation of the Remuneration Committee, Mr. A.R. Menon be and is hereby re-appointed as Executive Director of the Company for a period of three years with effect from 27.06.2008 to 26.06.2011 on the existing terms and conditions (as contained in detail in the explanatory statement annexed to this notice) with liberty to the Board to vary the terms and conditions during the period of re-appointment within the limits as provided under Schedule XIII of the Companies Act, 1956.”

Registered Office :
Tarihal Industrial Area,
Tarihal, HUBLI - 580 026

By Order of the Board
For MIVEN MACHINE TOOLS LTD.,

Dated 25th July, 2008

V N Hasalkar
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the item of special business is annexed to this notice.
3. The instrument appointing a proxy should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books will remain closed from 16.09.2008 to 19.09.2008, (both days inclusive.)
5. Members are requested to notify the company immediately of changes in their addresses.
6. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the company enclosing their Share Certificates to consolidate these holdings into one folio.
7. Members seeking information are requested to send their queries, if any, at an early date, so as to enable the management to keep the information ready.
8. Under Article No. 215 of the Articles of Association of your company, it is necessary that Auditors shall be re-appointed by a Special Resolution and hence the said Special Resolution.
9. A brief resume of the directors proposed to be reappointed vide Ordinary Business Nos. 2 and 3 in the notice are as follows:

Mr. D.N. Upponi (77) is a Fellow Member of the Institute of Chartered Accountants of India. He has about 46 years of experience in the profession. He was a senior partner of M/s. Ferguson & Co, Mumbai (now a member firm of Deloitte, Haskins & Sells) and retired in 1996. Presently, he is Chairman of the company and is also Chairman of the Remuneration Committee and Shareholder's Grievance Committee and Member of the Audit Committee. He is Chairman of Miven Mayfran Conveyors Pvt. Ltd. Hubli and Director of Ruris Tecnal Extraction Systems Pvt. Ltd.

Mr. A.R.Menon (58) holds degree in B.Sc (Engineering). He has been with this company since inception in various capacities. He has about 32 years of experience in the engineering industry. In recognition of his valuable services, the Board of Directors at their meeting held on 26th June, 2008 have re-appointed him as the Executive Director of the company, subject to confirmation in General Meeting. He is a member of the Shareholders' Grievance Committee of the Company.

MIVEN MACHINE TOOLS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM OF SPECIAL BUSINESS:

Mr. A.R. Menon was re-appointed as Executive Director of the company with effect from 27.06.2005 to 26.06.2008 on certain terms and conditions. Though the Company has been witnessing turbulent times, Mr. A.R.Menon has been making substantial contribution in steering the company through its difficult times and devoting the whole of his time in managing the affairs of the company.

The Remuneration Committee of the Board at its meeting held on 23rd June, 2008 considered in detail the terms of his re-appointment and has recommended that he be re-appointed for a further period of three years with effect from 27.06.2008 to 26.06.2011. Subsequently, the Board of Directors have approved the terms of re-appointment for the aforesaid period, subject to confirmation of the members in the forthcoming Annual General Meeting.

Since the company has been making losses, it is proposed to pay remuneration within the ceiling limits prescribed under Section II of Part II of Schedule XIII. Mr. A.R.Menon fulfils the requirements under Part I of the said Schedule.

The proposed terms of remuneration are the same as is currently prevailing and is as under:

(1) SALARY

Rs.50,000 per month inclusive of Dearness allowances, if any payable under the Company's rules.

(2) HOUSING

Will be provided with unfurnished accommodation, subject to the condition that the expenditure incurred by the Company on hiring such accommodation will be subject to a ceiling of Rs.5,000/- per month.

OTHER BENEFITS

(3) MEDICAL REIMBURSEMENT

Medical expenses will be paid by the Company for him and his family, viz. wife, dependent children and dependent parents, subject to a ceiling of one month's salary in a year.

(4) LEAVE TRAVEL CONCESSION

For self and family once in a year incurred in accordance with rules, if any, specified by the Company.

(5) CLUB FEES

Will be paid fees of clubs subject to a maximum of two clubs, which will not include admission and life membership fees.

(6) PERSONAL ACCIDENT INSURANCE

A Policy will be taken by the Company for an amount, the premium for which shall not exceed Rs.2,500/- per annum.

(7) CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION FUND

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together, are not taxable under the Income-Tax Act.

(8) GRATUITY

One-half month's salary for each completed year of service.

(9) USE OF CAR

A car with a chauffeur for use of the Executive Director on Company's business. Use of car for private purpose shall be billed by the Company.

(10) TELEPHONE

The Company will provide a telephone at the residence, the expenditure on which shall not be considered as perquisite. However, long distance personal calls shall be billed by the Company.

(11) LEAVE

One month's privilege leave on full pay for every eleven month's service, which may be accumulated as per the Rules of the Company.

(12) Benefit as applicable by way of employer and employee policy taken by the Company from LIC of India.

OTHERS

- a) The general management of the affairs of the Company shall be vested in the Executive Director subject to the superintendence, control and directions of the Board of Directors.
- b) In the event of loss or inadequacy of profit in any financial year, the above terms of remuneration and other perquisites will be admissible as minimum remuneration paid to Mr. A R Menon subject to compliance with the provisions of Schedule XIII of the Companies Act, 1956.
- c) The Executive Director is liable to retirement by rotation.
- d) Subject to the provisions of Section 318 of the Companies Act, 1956, the Executive Director shall be entitled to compensation for loss of office, if, before the expiration of the agreement, the tenure of his office is determined.

Except Mr.A.R.Menon, Director, no other director is interested in the proposed resolution.

This explanatory statement may be treated as the abstract containing the salient features of the terms of re-appointment of Mr.A.R.Menon required to be sent to the members under Section 302 of the Companies Act, 1956.

Registered Office :
Tarihal Industrial Area,
Tarihal, HUBLI - 580 026

By Order of the Board
For MIVEN MACHINE TOOLS LTD.,

Dated 25th July, 2008

V N Hasalkar
Company Secretary

- BOARD OF DIRECTORS** : Dinkar N Upponi – *Chairman*
Vikram R Sirur – *Executive Vice Chairman*
Shyam Sirur
Uday Kamat
Mukund Muley
A R Menon – *Executive Director*
- COMPANY SECRETARY** : V. N. Hasalkar
- AUDITORS** : B K Ramadhyani & Co.,
Chartered Accountants
Bangalore
- BANKERS** : The Shamrao Vithal Co-op. Bank Ltd.,
Hubli
- REGISTERED OFFICE AND WORKS** : Tarihal Industrial Area
Tarihal, HUBLI – 580 026
Karnataka, India

DIRECTORS' REPORT

To

The Members,

Your Directors wish to submit their 23rd Annual Report and Audited Accounts for the year ended 31st March, 2008.

(Rs. in lakh)

FINANCIAL RESULTS :	Year ended	Year ended
	<u>31.03.2008</u>	<u>31.03.2007</u>
Gross Income	1,114.27	1,465.54
Less : Excise Duty	123.33	192.97
	990.94	1,272.57
Profit (Loss) Before		
Interest & Depreciation	61.44	79.26
Interest	62.57	53.74
Depreciation	17.22	14.88
Net Profit / (Loss)	(18.35)	10.64
Provision for Fringe Benefit tax	3.40	2.80
Charge on account of transitional provisions for Gratuity under Accounting Standard -15	12.28	--
Loss brought forward	348.48	356.32
Deficit carried to Balance Sheet	382.51	348.48

OPERATIONS :

During the year under review, your company achieved a turnover of Rs.990.94 lakh excluding Excise Duty as against previous year's turnover of Rs.1,272.57 lakh excluding Excise Duty and suffered a loss of Rs.18.35 lakh as against previous year's net profit of Rs.10.64 lakh. Your company manufactured and despatched 25 machines during the year under report as against 34 machines during the previous year.

Your company's order book position at the beginning of the year under report consisted of 9 machines for a value of Rs.249.51 lakh.

During the year, your company received orders for 24 machines for a value of Rs.900.06 lakh.

The average realisation per machine during the year under review decreased to Rs.33.96 lakh as compared to Rs.35.44 lakh of previous year. This is because of lower price realisation.

Although there is an increase in component costs and raw materials like steel and castings, there is marginal increase in material consumption to 70.91% as compared to that of 69.71% of the previous year.

DEPOSIT :

During the year under report, the company has not accepted any deposits from the public.

DIVIDEND :

In view of the loss for the year and the unabsorbed accumulated losses of the earlier years, your directors regret their inability to recommend dividend for the year under report.

PROSPECTS :

The company is hopeful of improving its performance during the current year. Though the economy is showing recessionary trends, with inflation at an all time high, there is good demand for smaller size machines. However, the biggest handicap faced by the company relates to large working capital requirements coupled with delayed settlement of bills, especially by large players.

At the beginning of the current financial year, your company has an order book for 8 machines valued at Rs.300.56 lakh and spares of Rs.29.09 lakh.

There are active enquiries for 8 machines valued at Rs.258.00 lakh.

Your company is hopeful that there would be improvement in the financial performance during the current fiscal.

DIRECTORS RETIRING BY ROTATION :

1. Mr. D N Upponi, Independent Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.
2. Mr. A R Menon, Executive Director of the company, retires by rotation and being eligible, offers himself for re-appointment.

DIRECTORS' REPORT (Contd..)

A brief profile of the directors retiring by rotation is given below:

D.N. UPPONI

Mr. D.N. Upponi (77) is a Fellow Member of the Institute of Chartered Accountants of India. He has about 46 years of experience in the profession. He was a Senior Partner of M/s. A.F. Ferguson & Co, Mumbai (now a member firm of Deloitte, Haskins & Sells) and retired in 1996. Presently, he is Chairman of the company, Chairman of Remuneration Committee, Shareholders' Grievance Committee and Member of the Audit Committee. He is Chairman of Miven Mayfran Conveyors Pvt. Ltd. Hubli and Director of Ruris Tecnal Extraction Systems Pvt. Ltd.

MR. A R MENON

Mr. A.R.Menon(58) holds degree in B.Sc (Engineering). He has been with this company since inception in various capacities. He has about 32 years of experience in the engineering industry. In recognition of his valuable services, the Board of Directors at their meeting held on 26th June, 2008 have re - appointed him as the Executive Director of the company, subject to confirmation in General Meeting. Mr. Menon is a member of the Shareholders' Grievance Committee of the Company.

The term of office of Mr. A.R.Menon as Executive Director will expire on 26th June, 2008.

The Remuneration Committee and the Board of Directors at their meetings held on 23rd June, 2008 and 26th June, 2008 respectively have recommended his re-appointment for a further period of 3 years from 27.06.2008 to 26.06.2011.

Considering his experience of about 32 years in the engineering industry, the Board recommends his re-appointment.

In view of the valuable contribution of the above directors to the Company, the Board recommends their re-appointment.

RE-APPOINTMENT OF MR. A R MENON AS EXECUTIVE DIRECTOR :

At the Annual General Meeting held on 26.08.2005, Mr. A R Menon was re-appointed as Executive Director for a period of three years from 27.06.2005 to 26.06.2008. His term of office expires on 26th June, 2008.

The remuneration committee and the Board of Directors at the meetings held on 23rd and 26th June, 2008 respectively, have recommended his re-appointment for a further period of three years on the

existing terms and conditions from 27.06.2008 to 26.06.2011.

In recognition of his valuable services to the Company, the Board recommends his re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the annual accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii. That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss for the year under review.
- iii. That the Directors had taken proper and sufficient care 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. That the Directors had prepared the accounts for the financial year ended 31st March, 2008 on a 'Going Concern' basis.

AUDITORS:

M/s.B K Ramadhyani & Company, Chartered Accountants, Bangalore, the auditors of the company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. You are requested to re-appoint auditors for the current year and fix their remuneration.

DISCLOSURE WITH REGARD TO CONSERVATION OF ENERGY, TECHNOLOGY OUTGO, ETC:

Information as required under Section 217 (1) (e) of the Companies Act, 1956 forms part of this report and is given in Annexure.

EMPLOYEES:

During the year under review, there was no employee who was in receipt of a remuneration, which is in excess of Rs.2,00,000 per month or Rs.24,00,000 per annum, and hence the particulars of the employees as required in terms of Section 217 (2A) of the Companies Act, 1956 are not given in the report.

DIRECTORS' REPORT (Contd..)

CORPORATE GOVERNANCE PROVISIONS :

Pursuant to the provisions of Clause 49 of the Listing Agreement, the company has adopted the provisions relating to Corporate Governance Code.

Your company has complied with all the mandatory requirements of the said Corporate Governance provisions. Corporate Governance Report is furnished separately forming part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Management Discussion and Analysis Report as per requirements under Clause V (A) of the Corporate Governance Provisions prescribed under Clause 49 of the Listing Agreement is furnished separately and forms part of this Report.

CEO/CFO Certification

As required under Clause (V) of Clause 49 of the Listing Agreement, the Company has obtained a certificate from Mr. A.R.Menon, Executive Director and Mr. S.A.Joshi Manager (Accounts) and Personnel Officer confirming compliance of the aforesaid clause.

CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE :

Certificate of the Auditors confirming Compliance with the provisions of Corporate Governance forms part of this Report.

EXPLANATIONS TO THE REMARKS IN THE AUDITORS REPORT :

SI.No.4(d) : The Company had obtained Actuarial Valuation Report from LIC of India. Since there were certain discrepancies in the Report, the matter has been taken up with them for rectification. The company has provided gratuity liability on actual basis, which is higher than that of the actuarial valuation. Consequently there is no adverse impact on the financial statements.

SI.No.4(f) : A customer has filed a suit against the Company, for recovery of full order value of the machines supplied by the company for an amount of Rs.73.49 lakhs before the II Additional District Judge, Vijayawada contending that machines supplied are defective. The Company has been legally advised that the claim of the customer will not stand.

The Company is in the process of filing a suit before the appropriate Court of Law at Hubli for recovery of an amount of Rs.14.58 lakh, which is due from the customer.

Though the auditors have not expressed any opinion, the Company is confident of recovering the dues.

SI.No.2(c) of Annexure to the Auditor's Report : The Company has subsequently received the confirmations from the concerned third parties for the materials lying with them. Consequently, there is no impact on the financial statements.

SI.No.9(a) of Annexure to the Auditor's Report : Note No.4 of Schedule N provides the detailed explanation.

INDUSTRIAL RELATIONS :

Industrial relations with the employees of the company remained cordial, stable and satisfactory during the year under review.

ACKNOWLEDGEMENT :

Your directors wish to place on record their appreciation of the assistance and support extended by the Bankers, Financial Institutions, State and Central Governments, Customers and Suppliers to the company. Your directors express their appreciation for the dedicated and sincere services rendered by employees of your Company.

For and on behalf of the Board

Place : HUBLI
Date : 26th June, 2008

D.N. UPPONI
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (1) (e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A CONSERVATION OF ENERGY :

a. Energy conservation measures taken :

The Company has an effective internal control system for monitoring power consumption. Being engaged in assembly of machines, power consumption is minimum.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

No fresh investments are proposed. By its internal control measures, the consumption of energy is being closely monitored.

c. Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Lower cost of production of goods.

d. Total energy consumption and energy consumption per unit of production as per Form 'A' of the annexure in respect of industries specified in the schedule thereto:

Our industry is not specified in the schedule to Form 'A' of the annexure. Therefore, Form 'A' is not furnished.

B TECHNOLOGY ABSORPTION:

e. Efforts made in technology absorption :

Not applicable as no foreign technology is involved.

1. Specific areas in which R&D is carried out by the company.

The Company is in the process of switching over to HYDROSTATIC BEARING technology instead of Epoxy, which is currently being used. The use of hydrostatic bearing would help in achieving high speed machining capability as well as enhancing the process capability of the machine, without losing on the overall rigidity and accuracy parameters. It will

also bring our machines on par with any similar world class machines on quality, capability and technology. This work is still under progress. Due to non availability of certain expensive important components it will take some more time to complete. We hope to complete it by the end of this year.

2. Benefits derived as a result of the above R&D :

- Increase in the range of products.
- Serve new market segments.

3. Future plan of action:

1. Manufacture of Electrical Control Panel :

Manufacture and supply of Electrical Control Panels to Companies in Hubli-Dharwad region :

The Company has already started manufacture and supply of these control panels to M/s. Miven Mayfran Conveyors Pvt. Ltd., Hubli for their chip handling as well as coolant filtration systems. M/s Miven Mayfran Conveyors Pvt. Ltd., Hubli, have projected their current year requirement of around Rs.100.00 lakh and have started placing orders on the Company.

2. Export of machined Components :

Manufacture and Supply of Machined Components to Global Sourcing for their wood working machinery in Italy:

The Company has already exported first batch of eleven components to World Trading SRL, Italy for their approval.

3. Refurbishing of machines :

The Company has entered into an agreement with Escofier, a French Machine Tool Company for refurbishing as well as upgrading of their Spline Cutting Machines in India and subsequently for supply of machine assemblies to them.

ANNEXURE TO THE DIRECTORS' REPORT (Contd..)

4. Expenditure on R&D :	Rs.
a. Capital	—
b. Recurring	6,00,147
c. Total	6,00,147
d. Total R&D expenditure as a percentage of total turnover	0.61

Technology absorption, adaptation and innovation.

1. Efforts made :

Our machine building technology is being continuously developed and kept updated to suit the specific requirements of customer.

2. Benefits derived as a result of above efforts :

Constant interaction with our vendors and sub-contractors is undertaken to improve the quality of the products.

3. Technology imported during the last five years:

- a. Technology imported : NIL
- b. Year of import : Not applicable
- c. Has technology been fully absorbed : Not applicable

- d. If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

f. Activities relating to exports :

The company has not exported its products during the year under review.

However, attempts to develop export markets are in progress.

g. Total foreign exchange used and earned:

Foreign Exchange Earnings	Rs. NIL
Foreign Exchange Outgo (used)	Rs.2,40,250

For and on behalf of the Board of Directors

Place : HUBLI
Date : 26th June, 2008

D.N. UPPONI
Chairman

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2007-08

(Pursuant to Clause 49 of the Listing Agreement entered into with Stock Exchanges)

The following is the report on the Corporate Governance Code as implemented by your Company.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

Corporate governance contains set of principles, process and systems to be followed by Directors, management and all the employees of the Company for increasing the stakeholders' value. The stakeholders include shareholders, suppliers, employees, customers, Banks and Financial Institutions. To be in line with the above policy, the company is committed to integrity, accountability, transparency and compliance with the various corporate and other laws in its dealings with the Government authorities, customers, suppliers, employees and other stakeholders.

2. BOARD OF DIRECTORS :

Composition of Board of Directors, attendance at Board meetings, last Annual General Meeting and details of membership of other Boards/Committees.

As on 31st March 2008, there were six Directors on the Board. Out of these, two are Executive Directors and other four are Non Executive Directors. The Non Executive Directors constituted more than half of the total number of Directors.

Out of six Directors, four were independent Directors, thus ensuring compliance with the requirement of code.

The information on the composition of the Board, category of Directors, attendance at Board meetings held during the year and at the last Annual General Meeting, directorships in other public companies and committees of other public companies of which the director is member / chairman is furnished in the table given below:

Name of the Director	Category	Financial year. 2007-2008		Attendance at the Last AGM (Yes/No)	No. of Directorships in other public companies incorporated in India	Committee position held in other companies
		No. of Board Meetings held	No. of Board Meetings attended			
Mr. Vikram Sirur	Executive	5	5	No	-	-
Mr. A R Menon	Executive	5	5	Yes	-	-
Mr. Dinkar N Upponi	Independent Non Executive	5	3	Yes	-	-
Mr. Shyam Sirur	Independent Non Executive	5	2	No	-	-
Mr. Uday Kamat	Independent Non Executive	5	Nil	No	1	-
Mr. Mukund Muley	Independent Non Executive	5	1	No	-	-

Details of Board Meetings held during the year:

During the year 2007-2008, 5 (Five) Meetings of the Board were held. These meetings were held on the following dates :

Sl No.	Dates
1	27.04.2007
2	29.06.2007
3	27.07.2007
4	29.10.2007
5	25.01.2008

None of the Directors of the company was a member of more than 10 Committees nor was he the Chairman of more than 5 Committees across all companies in which he was a Director.

Non Executive Directors — compensation, disclosures and term of office:

Non-Executive Directors are not receiving any compensation from the Company, except for sitting fees payable to them for attending the Board

REPORT ON CORPORATE GOVERNANCE (Contd..)

meetings. They are subject to retirement by rotation as provided under the Companies Act, 1956.

The Company paid sitting fees to the Non-Executive directors at the rate of Rs. 2,500/- per meeting upto March 31, 2008. The sitting fees paid to the directors for the year under report are as follows:

Name	Amount (Rs)
D.N.Upponi	7,500
Shyam Sirur	5,000
Uday Kamat	Nil
Mukund Muley	2,500

General Information about Directors retiring by Rotation :

Mr. D N Upponi and Mr. A R Menon retire by rotation at the ensuing Annual General Meeting. Being eligible, they have offered themselves for re-appointment. A brief resume of the directors is given below :

Mr. Dinkar Upponi (77) is a Fellow Member of the Institute of Chartered Accountants of India. He has about 46 years of experience in the profession. He was a Senior Partner of M/s. A.F.Ferguson & Co., Mumbai (now a member firm of Deloitte, Haskins & Sells) and retired in 1996. Presently, he is Chairman of our Company, Chairman of Remuneration Committee, Shareholders' Grievance Committee and Member of Audit Committee of the Company. He is Chairman of M/s. Miven Mayfran Conveyors Pvt. Ltd. Hubli, and Director of Ruris Tecnal Extraction Systems Pvt. Ltd.

Mr. A R Menon (58) holds degree in B.Sc (Engg). He has been with this company since inception in various capacities. He has about 32 years of experience in the field of engineering industry. In recognition of his valuable services to the company, the Board of Directors have re-appointed him as the Executive Director of the company, subject to confirmation in General Meeting. Mr. Menon is a member of the Shareholders' Grievance Committee of the Company.

3. AUDIT COMMITTEE :

The Audit Committee comprises of the following directors :

1. Mr. Uday Kamat Chairman Chartered Accountant
2. Mr. D N Upponi Member Chartered Accountant
3. Mr. Shyam Sirur Member

All the three members of the Audit Committee are independent and non-executive Directors.

Mr. Uday Kamat, Chairman of the Audit Committee is an independent non-executive director and having expert knowledge of financial and accounting matters. Mr. V. N. Hasalkar, Company Secretary is the Secretary of committee.

Brief terms of reference include monitoring, analysing and reporting to Board on :

(a) Accounting policies, practices and procedures (b) Compliance with Accounting Standards (c) related party transactions (d) Compliance with all applicable provisions of law (e) internal control procedures (f) review of periodical accounts (g) internal audit (h) directors appointments, remuneration and related matters of law (i) complaints and short-falls in the financial management etc.

During the year under report, four meetings of the committee were held on 26.04.2007, 27.06.2007, 25.07.2007, 29.10.2007 and 23.01.2008. The following are the particulars of meetings held and the attendance thereat.

Name of the Member	No. of Meetings	
	Held	Attended
Mr. Uday Kamat - Chairman	5	3
Mr. D N Upponi - Member	5	5
Mr. Shyam Sirur - Member	5	5

4. REMUNERATION COMMITTEE :

Composition :

The Remuneration Committee consists of the following three Directors:

1. Mr. D N Upponi – Chairman
2. Mr. Shyam Sirur - Member
3. Mr. Uday Kamat - Member

All the members of the Committee are Non-Executive Directors.

The terms of reference include scrutinising and recommending from time to time all aspects of remuneration and / or any other payment / allowances to Executive Directors.

1(One) meeting of the Remuneration Committee held on 27th June, 2007 during the year under report.

REPORT ON CORPORATE GOVERNANCE (Contd..)

Remuneration Policy :

The remuneration package for Executive Directors will be decided by the Board of Directors on the recommendation of the Remuneration Committee keeping in view the prevailing trends. The term of remuneration is subject to the approval of the members in General Meeting, or by the Central Government, as the case may be.

Details of remuneration paid / accrued to Executive Director / Whole Time Director :

	Vikram Sirur Exe.Vice Chairman	A.R. Menon Exe. Director
PARTICULARS	Amount Rs.	Amount Rs.
Salary	3,00,000	6,00,000
House Rent Allowance	--	60,000
Reimbursement of Medical expenses	--	50,000
Provident Fund	36,000	72,000
Superannuation Fund	45,000	90,000
Leave Encashment	--	43,333
Gratuity	14,423	--
T O T A L	3,95,423	9,15,333

Notes :

- Contribution to gratuity fund under Group Gratuity Scheme is not separately identifiable in respect of the Executive Director.
- None of the above said remuneration/benefits is performance linked.
- The Executive Vice Chairman shall discharge his duties under the superintendence and directions of the Board of Directors from time to time. His appointment is contractual.
- The Executive Director shall discharge his duties under the superintendence and directions of the Board of Directors from time to time. His appointment is contractual.
- The terms of office of the above said Directors are for three years effective from the date of their appointment.

5. SHAREHOLDERS' GRIEVANCE COMMITTEE :

Composition :

The Shareholders / Investors Grievance

Committee comprises of :

- Mr. D N Upponi - Chairman
- Mr. Vikram Sirur - Member
- Mr. A R Menon - Member

Mr. D N Upponi, the non-executive Director is the Chairman of the Committee. Mr. V N Hasalkar, Company Secretary is the Compliance Officer and Secretary of the committee.

The terms of reference of this Committee envisages the following :

- Dealing with matters relating to share transfer.
- Reviewing the system of dealing with and responding to correspondence from share holders.
- Reviewing and dealing with complaints and responses to letters received from Stock Exchanges and SEBI.

No investor grievance or complaints were received during the year.

Number of Pending Complaints :

No complaints have been received from a shareholder during the year. As on the date of this report, there are no investor complaints or requests for share transfer pending resolution with the company.

The Company Secretary, as and when required, approves completed share transfer with requests.

No meeting of the Shareholders/Investor Grievance Committee was held during the year.

6. GENERAL BODY MEETINGS :

All the three previous Annual General Meetings of the Company were held at the Registered Office of the company at Tarihal Industrial Area, Tarihal, Hubli - 580 026 on the following dates:

Year Ended	Date of the meeting	Time	Resolutions passed
31 st March, 2005	26.08.2005	3:30 PM	Ordinary - 3 Special - 1
31 st March, 2006	25.08.2006	3.30 PM	Ordinary - 3 Special - 1
31 st March, 2007	24.08.2007	3.30 PM	Ordinary - 4 Special - 1

REPORT ON CORPORATE GOVERNANCE (Contd..)

No resolution was passed by Postal Ballot in the previous year. There is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

7. DISCLOSURES :

Materially significant related party transactions.

Name of the Party	Transactions during the year	
	Purchases Rs.	Sales-Rs.
Miven Mayfran Conveyors Pvt Ltd.	18,74,330	31,43,126
Cotmac Pvt Ltd	10,316	Nil
Cotmac Electronics Pvt Ltd	99,677	Nil

None of the transactions with any of the related parties were in conflict with the interests of the Company.

The Company has regularly complied with applicable laws in respect of disclosures to Stock Exchanges, SEBI and other statutory authorities. As such, the Company was not subjected to any penalty on any matters related to capital markets during the last three years.

WHISTLE BLOWER POLICY AND AFFIRMATION :

The Company has installed an internal policy for its employees to ensure free access to information and transparency in operations. The Company places great reliance on proper and ethical business practices. Employees are encouraged to report unethical practices freely to the Audit Committee and top management without fear of victimization or any other repressive measures.

The Company hereby affirms that it has not denied any personnel access to the Audit Committee (in respect of matters involving alleged misconduct) and that it has provided protection to the "Whistle Blowers" from unfair termination and other unfair or prejudicial employment practices.

CODE OF CONDUCT :

The company has framed and adopted a Code of Conduct which is approved by the Board of Directors of the Company. The code is applicable to all directors and senior management of the Company. This code has been posted on the Company's website www.mivenmachinetool.com. During the year under review, all directors

and senior management have confirmed their adherence to the provisions of the said code.

Compliance of Non-mandatory requirements under Corporate Governance :

The company has taken cognizance of the non-mandatory requirements mentioned at Annexure IC of the Corporate Governance provisions. The company has constituted a Remuneration Committee with 3 non-executive directors to examine and recommend to the Board on all aspects of remuneration package to the executive directors. A Whistle Blower Policy has also been approved and has been implemented. The company is committed to implementation of other non-mandatory requirements as and when necessary.

8. MEANS OF COMMUNICATION :

The quarterly results were published in Indian Express/Financial Times in English version and in Kannada Prabha in vernacular language.

The quarterly un-audited/audited financial results during the financial year 2007-2008 were published as detailed below.

Quarter (F.Y.2007-08)	Date of Board Meeting	Date of publication	Name of the News Paper
1	29.06.2007	30.06.2007	Indian Express & Kannada Prabha.
2	27.07.2007	28.07.2007	Indian Express & Kannada Prabha.
3	29.10.2007	30.10.2007	Indian Express & Kannada Prabha.
4	25.01.2008	26.01.2008	Financial Times & Kannada Prabha.

For the year ending 31st March, 2009, results will be announced as per time schedule specified below (subject to changes)

End July, 2008 : First quarter
 End October, 2008 : Second quarter/Half Yearly
 End January, 2009 : Third quarter
 End June, 2009 : Fourth quarter - audited results

The Company has web-site at www.mivenmachinetool.com since December, 2003.

The Management Discussion and Analysis Report is separately annexed forming part of the

REPORT ON CORPORATE GOVERNANCE (Contd..)

Directors' Report.

9. SHAREHOLDERS' INFORMATION (GENERAL)

General information to shareholders is furnished below.

Company Registration :

The Company is registered in the state of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U29295KA1985PTC007036.

Annual General Meeting :

The Annual General Meeting of the Company for the financial year ended 31st March 2008 will be held on 19th September, 2008 at 3.30 p.m. at the Registered office of the Company at Tarihal Industrial Area, Tarihal, Hubli.

Financial Calendar :

Financial year: 1st April to 31st March

Book Closure :

The Share Transfer Books and the Register of Members will be closed from 16th September, 2008 to 19th September, 2008 (Both days inclusive).

Dividend :

In view of the loss for the year and the unabsorbed accumulated losses of the earlier years, your directors regret their inability to recommend dividend for the year under report.

Listing :

The Company's shares are listed on The Stock Exchange, Mumbai, The Stock Exchange Association Ltd., New Delhi and The Bangalore Stock Exchange Ltd., Bangalore. The Company has paid listing fees for the year 2007-08 (at the applicable rates) to all the three stock exchanges within the prescribed time.

The scrip code at Bombay Stock Exchange is 522036.

Market Price Data :

The Monthly Highest and Lowest prices at which the Company's shares were traded:

During the year 2007-08, the equity shares of your Company were not traded in any of the stock exchanges in which the shares are listed.

Performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc.

In view of the lack of trading in the scrips, no performance comparison with other broad based indices is possible.

Registrar and Transfer Agents.

The Company has not appointed any Registrar and Transfer Agents for the transactions with shares of the company during the year under report. All share registry activities are carried out in-house.

Share Transfer System :

The Company has well established and efficient in-house facility for attending to requests for share transfers. The designated officials / Company Secretary are authorised to scrutinise and approve the share transfers on fortnightly basis.

Distribution of Shareholding as on 31.03.2008:

Nominal Value of Shares-Rs.	Number of Share holders	Share Amount	
		In Rupees	% to Paid-Up Capital
Upto 5,000	1999	28,45,500	9.474
5,001-10,000	51	3,85,000	1.282
10,001-20,000	11	1,62,000	0.539
20,001-30,000	02	42,000	0.140
30,001-40,000	03	1,00,000	0.333
40,001-50,000	01	42,000	0.140
50,001-1,00,000	01	77,000	0.256
1,00,001 & above	03	2,63,81,500	87.836
T O T A L	2071	3,00,35,000	100.000

REPORT ON CORPORATE GOVERNANCE (Contd..)

Dematerialisation of shares and liquidity :

The company is keen to implement dematerialization of its shares. All the shares are held in physical mode only. Due to accumulated losses and erosion of net worth, it is not possible to fulfill the eligibility norms stipulated by NSDL for dematerialization of shares. Consequently, the company is neither able to attract any additional investment nor complete the process of dematerialization. The Company is considering the future course of action to be taken.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity :

Except Equity Shares, no other instrument has been issued by the Company.

Plant location (also the Registered Office) :

Tarihal Industrial area, Tarihal, Hubli 580 026 (Karnataka)

Address for correspondence :

Company Secretary,
Miven Machine Tools Limited,
Tarihal Industrial Area,
Tarihal, Hubli-580 026, (Karnataka)

General :

Members of the Company may nominate a person to whom share(s) held by such Member/s shall vest in the event of the death of such

Member/s. Such Nomination should be in Form No. 2B.

Compliance Officer and address for communication :

Mr. V.N. Hasalkar, Company Secretary of the Company is the Compliance Officer. For any clarifications or grievances, if any, regarding the shares, dividends, share transfers etc. members may contact him at the Registered Office of the Company at Miven Machine Tools Ltd., Tarihal Industrial Area, Tarihal, Hubli – 580 026. (Phone No. 0836 – 2212221-4, Fax 0836-2310411.)

10 CEO/CFO Certification :

As required under Clause (V) of Clause 49 of the Listing Agreement, the Company has obtained a certificate from Mr.A.R. Menon, Executive Director and Mr.S.A. Joshi, Manager (Accounts) and Personnel Officer confirming compliance of the aforesaid Clause.

11 CERTIFICATE FROM AUDITORS ON COMPLIANCE WITH CORPORATE GOVERNANCE PROVISIONS :

In compliance with sub Clause VII of the Corporate Governance Provisions prescribed under Clause 49 of the Listing Agreement, the required Certificate from Auditors certifying compliance with Corporate Governance provisions is annexed to this report.

For and on behalf of the Board

Place : HUBLI
Date : 26th June, 2008

D.N. UPPONI
Chairman

CERTIFICATE OF THE AUDITORS IN RESPECT OF COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of

Miven Machine Tools Ltd.,

We have examined the compliance of conditions of Corporate Governance by Miven Machine Tools Ltd., Hubli, for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

The Company is publishing the quarterly results in the news papers as required by stock exchanges. It has not published the same in website.

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

We state that as per the records maintained by the Company there were no investor grievances remaining pending for a period exceeding one month as on 31st March, 2008.

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

For B K Ramadhyani & Co.,
Chartered Accountants

C R Krishna
Partner

Place : HUBLI
Date : 26th June, 2008

Membership No.27990

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry structure & development:

Our industry comes under the purview of General Engineering Industry in general and machine tool industry in particular. We manufacture CNC Horizontal Turning Lathes of 6" and above and our product falls under the Capital Goods Industry. The market for CNC lathes is estimated at 3500 machines for the financial year 2008-09. Considering the size of the machine we manufacture, we estimate it at 10% of this market, i.e. 350 machines and our company's share is 20% of this niche market i.e. 70 machines.

b) Opportunities and Threats:

The auto components sector is expected to maintain its performance. However, high inflation rate witnessed by the economy is expected to slow down its growth rate this year. Our machines are also in use in Defence, agriculture and other allied industries, which are showing signs of improvement.

Defence and Steel manufacturing companies have come-up with tenders to participate in their inquiries. There are exciting opportunities for improved sale of our products to the private sector and your company has commenced aggressive marketing efforts in this direction.

Due to increase in demand, many competitors are entering the field and are posing serious competition in the pricing pattern.

The threat is from imported machinery, rising inflation, large working capital needs and price-cutting by domestic manufacturers, which affects the margin on your machines.

c) Segment-wise or product-wise performance:

Your company manufactures only one type of product, i.e. CNC Turning Machine and Ancillary Machines. Hence we have only one segment. During the year under report, we manufactured and sold 25 machines valued at Rs. 980.88 Lakh (excluding excise duty).

d) Outlook:

The current year looks to be good. Your

company has established sound market acceptability for its product. The company is exploring alternative product lines to ensure improved sales and better margins.

e) Risks and Concerns:

Rising inflation coupled with increased input costs poses a real challenge to profitability. Inventory lock up due to delayed offtake by customers requires large working capital, which gets locked up in inventories.

If the machine is not lifted as per the delivery schedule, it would strain the company's liquid cash position.

f) Internal control systems and their adequacy:

The company has a proper and adequate system of controls in order to ensure that all assets are safeguarded against loss from unauthorised use or disposition and that all transactions are checked, verified and recorded correctly.

Regular internal audit system is in place to ensure that internal control systems are working satisfactorily.

g) Discussion on Financial performance :

The financial statements have been prepared in accordance with the Companies Act, 1956, and in accordance with Accounting Standards issued by the ICAI.

The Company's financial performance is detailed in the Directors' Report.

h) Human Resources:

The company continues its policy of upgrading employee skills by deputing them to various training programs, seminars and workshops conducted by eminent authorities. The company's policy is to ensure optimum utilisation of manpower.

As on 31st March, 2008, the total number of salaried employees stood at 31.

The Employer-Employee Relations were cordial throughout the year.

For and on behalf of the Board

Place : HUBLI
Date : 26th June, 2008

D.N. UPPONI
Chairman

AUDITORS' REPORT

To,

The Members of

Miven Machine Tools Limited, Hubli

1. We have audited the attached Balance Sheet of Miven Machine Tools Limited, Hubli as at 31st March 2008, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. 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.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 ("the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that :
 - a. 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;
 - b. 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 those books.
 - c. The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by
- this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except that provision for leave encashment has been based on actual basis / Management estimate and not on the basis of actuarial valuation as referred to in Note 17 of Schedule N. Further, certain disclosures relating to changes in interest cost and actuarial gain/loss in respect of leave encashment and gratuity are not available.
- e. On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. We have relied on the representation of the Management that the amount due from a customer referred to in note 1(c) of Schedule N of Rs.14.58 lakhs are good of recovery and no provision is required in respect of claims made by the customer of Rs.73.49 lakhs. Pending completion of legal proceedings and in view of uncertainties involved, we are unable to form any opinion on the matter.
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes give the information required by the Companies Act, 1956, in the manner so required and subject to para d and f above, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. In the case of the balance sheet, of the state of affairs of the Company as at 31.3.2008; and
 - ii. In the case of the profit and loss account, of the loss for the year ended on that date.
 - iii. In the case of cash flow statement, of the cash flows for the year ended on that date

B.K.Ramadhyani & Co.
Chartered Accountants
4B, Chitrapur Bhavan,
8th Main, 15th Cross,
Malleswaram,
BANGALORE - 560 055

For **B. K. Ramadhyani & Co.,**
Chartered Accountants
(C.R.KRISHNA)
Partner
Membership No.27990

Place : HUBLI
Date : 26th June, 2008

ANNEXURE TO AUDITORS' REPORT

(As referred to in para 3 of our report to the Members of Miven Machine Tools Ltd., Hubli)

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b. All these assets have not been physically verified by the management during the year but there is a Programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
c. During the year, there has been no substantial sale/disposal of fixed assets.
2. a. Inventories other than those lying with third parties have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory in respect of Raw materials and Components, Finished Goods and material with third parties. Work in Progress at the factory is as per physical inventory. Material with third parties included in Raw material and Components are subject to confirmation to an extent of Rs.1.11 lakhs. The discrepancies noticed on verification between the physical stocks and the book records other than work-in-progress at the factory were not material.
3. a. To the best of our knowledge, the company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clauses (b), (c) and (d) of the order are not applicable.
b. In our opinion, the rate of interest and other terms and conditions on which loan of Rs.20.00 Lakhs was taken from the holding Company, a party covered in the register maintained under Section 301 of the Companies Act, 1956 in an earlier year and outstanding as at the balance sheet date are not, prima facie, prejudicial to the interests of the company. The Company has been regular in payment of interest and there are no amounts overdue.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time. However, these materials are customised to the requirements of the Company and there are no similar transactions with third parties to confirm the same.
6. The Company has not accepted any deposits from public, hence in our opinion, the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Rules made thereunder are not applicable. Accordingly, provisions of paragraph (vi) are not applicable.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under clause (d) of subsection (1) of Sec.209 of Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records to determine whether they are accurate or complete.

ANNEXURE TO AUDITORS' REPORT (Contd...)

(As referred to in para 3 of our report to the Members of Miven Machine Tools Ltd., Hubli)

9. a. According to the information and explanation given to us there are delays in some months in depositing with appropriate authorities undisputed statutory dues relating to provident fund, employees' state insurance, Income Tax deducted at Source, Service Tax, Customs Duty. However, there were no material delays in remittance of Excise Duty, Cess and other internal statutory dues applicable to the Company. However, Property tax payable to Local authorities, an amount of Rs.3.18 lakhs has not been remitted as referred to in Note 4, Schedule N of the accounts. According to the information and explanations given to us, remittances to Investor Education and Protection Fund and Wealth Tax are not applicable. To the best of our knowledge and according to the Company, Cess payable under 441A of the Companies Act, 1956 has not been notified, consequently, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Customs Duty, Excise Duty, Service Tax and Cess were in arrears, as at 31.3.2008 for a period of more than six months from the date on which they became payable.
- c. According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
10. In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. The Company has incurred cash losses of Rs.4.53 lakhs for the financial year covered by our audit. The Company had not incurred cash loss during the preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. There are no loans from financial institutions or debentures.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of paragraph 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of paragraph 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion project loans taken during the year from the Company's bankers were applied for the purpose for which the same were taken.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and cash flows of the Company, we report that funds raised on short-term basis have been used for long-term investment to an extent of Rs.67.52 lakhs during the year.
18. The Company has not made any issue of capital during the year and hence provision of paragraph 4(xviii) of the Order regarding preferential allotment are not applicable.
19. According to the information and explanations given to us, there are no debentures issued by the company and hence provisions of paragraph 4(xix) of the Order regarding creation of securities are not applicable.
20. There were no public issues during the year and hence provisions of paragraph 4(xx) of the Order regarding end use of money are not applicable.
21. According to the information and explanations given to us, no fraud on or by the company during the year has been noticed or reported during the course of our audit.

For **B. K. Ramadhyani & Co.,**
Chartered Accountants

B.K.Ramadhyani & Co.,
Chartered Accountants
4B, Chitrapur Bhavan,
8th Main, 15th Cross,
Malleswaram,
BANGALORE - 560 055

(C.R.KRISHNA)
Partner
Membership No.27990

Place : HUBLI

Date : 26th June, 2008

BALANCE SHEET**AS AT 31ST MARCH, 2008**

	Schedule	Rs.	AS AT 31ST MARCH, 2008 Rs.	AS AT 31ST MARCH, 2007 Rs.
I. SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
Share Capital	A	30,035,000		30,035,000
Reserves and Surplus	B	1,527,500		1,527,500
			31,562,500	31,562,500
LOAN FUNDS				
Secured Loans	C		38,973,655	37,588,472
Unsecured Loans	D		2,000,000	2,000,000
TOTAL			72,536,155	71,150,972
II. APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	E	41,010,160		34,257,396
Less : Depreciation to date		21,581,654		19,859,940
Net Block			19,428,506	14,397,456
INVESTMENTS				
CURRENT ASSETS, LOANS & ADVANCES	F		50,000	50,000
Inventories	G	27,897,791		12,093,091
Sundry Debtors		19,073,453		30,915,758
Cash and Bank Balances		3,108,648		6,754,471
Loans and Advances		4,210,564		4,222,105
		54,290,456		53,985,425
LESS : CURRENT LIABILITIES AND PROVISIONS				
Liabilities	H	36,683,844		30,823,370
Provisions		2,800,177		1,306,962
		39,484,021		32,130,332
NET CURRENT ASSETS			14,806,435	21,855,093
PROFIT AND LOSS ACCOUNT			38,251,214	34,848,423
TOTAL			72,536,155	71,150,972
NOTES AND ADDITIONAL INFORMATION				
SIGNIFICANT ACCOUNTING POLICIES	N			
BALANCE SHEET ABSTRACT AND	O			
COMPANY'S GENERAL BUSINESS PROFILE	P			

Foot Note :

Schedules referred to above and the Notes attached form an integral part of the Balance Sheet.

In accordance with our Report attached
For **B K RAMADHYANI & CO.**
Chartered Accountants

C R KRISHNA
Partner

Place : Hubli
Date : 26th June, 2008

Signed pursuant to the provisions of Section 215 of the Companies Act,
1956, in authentication of this Balance Sheet, Notes thereon and the
Schedules referred to therein.

D N Upponi
Chairman

A R Menon
Executive Director

Vikram Sirur
Executive Vice Chairman

V N Hasalkar
Company Secretary

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule	Current Year Rs.	Previous Year Rs.
INCOME :			
Sales (Including Excise Duty)		109,370,449	143,696,678
Less : Excise Duty		12,332,824	19,297,196
Net Sales		97,037,625	124,399,482
Other Services Receipts		1,050,835	2,077,153
Other Income	I	1,006,158	780,841
TOTAL		99,094,618	127,257,476
EXPENDITURE :			
Material Consumed	J	68,812,832	88,713,507
Operating and Other Expenses	K	15,250,953	20,728,782
Payment and Provision for Employees	L	8,586,636	9,464,799
Financial Charges	M	6,556,979	5,798,715
Depreciation on Fixed Assets		1,721,714	1,488,098
TOTAL		100,929,114	126,193,901
Profit / (Loss) for the year before tax		(1,834,496)	1,063,575
Less / Add : Provision for Fringe Benefit tax (Includes relating to prior year Rs.25,275)		340,375	280,000
(Net Loss) / Profit after Tax		(2,174,871)	783,575
Less : Charge on account of transitional provisions for Gratuity under Accounting Standard 15		1,227,920	--
Add : Profit / (Loss) brought forward from previous year		(34,848,423)	(35,631,998)
Deficit Carried over to Balance Sheet		(38,251,214)	(34,848,423)
Earning Per Share (Basic and diluted) (Rs.)		(0.72)	0.26
Face Value of Share (Rs.)		10.00	10.00

NOTES AND ADDITIONAL INFORMATION	N
SIGNIFICANT ACCOUNTING POLICIES	O
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE	P

Foot Note :

Schedules referred to above and the Notes attached form an integral part of the Profit and Loss Account.

In accordance with our Report attached
For **B K RAMADHYANI & CO.**
Chartered Accountants

C R KRISHNA
Partner

Place : Hubli
Date : 26th June, 2008

Signed pursuant to the provisions of Section 215 of the Companies Act, 1956, in authentication of this Profit and Loss Account, Notes thereon and the Schedules referred to therein.

D N Upponi
Chairman

A R Menon
Executive Director

Vikram Sirur
Executive Vice Chairman

V N Hasalkar
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2008

	<u>AS AT</u> <u>31ST MARCH, 2008</u> <u>Rs.</u>	<u>AS AT</u> <u>31ST MARCH, 2007</u> <u>Rs.</u>
A) CASH INFLOW FROM OPERATING ACTIVITIES :		
NET (LOSS)/PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(1,834,496)	1,063,575
ADJUSTMENTS FOR :		
DEPRECIATION FOR THE YEAR AND ADJUSTMENTS	1,721,714	1,488,098
INTEREST INCOME	(238,518)	(191,463)
DIVIDENDS	(6,000)	(10,000)
INTEREST EXPENSE	6,256,383	5,374,135
PROFIT ON SALE OF FIXED ASSET	--	(157,089)
EXCHANGE FLUCTUATION (NET)	5,054	10,279
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND ADJUSTMENTS FOR :	<u>5,904,137</u>	<u>7,577,535</u>
(INCREASE) / DECREASE IN TRADE AND OTHER RECEIVABLES	12,127,618	2,982,657
(INCREASE) / DECREASE IN INVENTORIES	(15,804,700)	7,478,756
INCREASE / (DECREASE) IN TRADE PAYABLES	7,013,314	(1,556,932)
CASH GENERATED FROM OPERATIONS	<u>9,240,369</u>	<u>16,482,016</u>
DIRECT TAXES (PAID) / REFUNDED	(273,772)	(330,978)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	8,966,597	16,151,038
EXTRAORDINARY ITEMS - GRATUITY PROVISION (AS 15)	(1,227,920)	--
NET CASH FLOW FROM OPERATING ACTIVITIES	<u><u>7,738,677</u></u>	<u><u>16,151,038</u></u>
B) CASH FLOWS FROM INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	(6,752,764)	(1,575,022)
SALE OF FIXED ASSETS	--	867,000
INTEREST INCOME	238,518	191,463
DIVIDENDS	6,000	10,000
NET CASH FLOW FROM INVESTING ACTIVITIES	<u><u>(6,508,246)</u></u>	<u><u>(506,559)</u></u>

CASH FLOW STATEMENT (Contd...)**FOR THE YEAR ENDED 31ST MARCH, 2008**

	AS AT 31ST MARCH, 2008 Rs.	AS AT 31ST MARCH, 2007 Rs.
C) CASH FLOW FROM FINANCING ACTIVITIES :		
PROCEEDS FROM SHORT TERM BORROWINGS	--	2,526,676
INCREASE / (DECREASE) IN CASH CREDIT LOAN	4,058,021	(7,935,575)
REPAYMENT OF TERM LOAN	(680,638)	(2,079,424)
REPAYMENT OF SHORT TERM BORROWINGS	(1,992,200)	(277,554)
INTEREST PAID	(6,256,383)	(5,374,135)
EXCHANGE FLUCTUATION (NET)	(5,054)	(10,279)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(4,876,254)</u>	<u>(13,150,291)</u>
D) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,645,823)	2,494,188
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (SEE NOTE-1)	6,754,471	4,260,283
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3,108,648	6,754,471

As per our report of even date attached
For **B K RAMADHYANI & CO.**
Chartered Accountants

C R KRISHNA
Partner

Place : Hubli
Date : 26th June, 2008

For and on behalf of the Board

D N Upponi
Chairman

A R Menon
Executive Director

Vikram Sirur
Executive Vice Chairman

V N Hasalkar
Company Secretary

SCHEDULES**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

	AS AT 31ST MARCH, 2008 Rs.	AS AT 31ST MARCH, 2007 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised :		
5,000,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed and Paid-up		
3,003,500 Equity Shares of Rs.10/- each	30,035,000	30,035,000
Note: Number of Equity Shares held by the holding Company, N A Sirur (Hubli) Pvt Ltd., Hubli - 2,588,150 (2,588,150)		
	30,035,000	30,035,000
SCHEDULE - B		
RESERVES & SURPLUS		
Capital Reserve	1,527,500	1,527,500
	1,527,500	1,527,500
SCHEDULE - C		
SECURED LOANS		
From the Shamrao Vithal Co-operative Bank Ltd., Cash Credit Account	30,859,531	26,801,510
Working Capital Term Loan	--	680,638
Project Loan*	8,114,124	10,106,324
	38,973,655	37,588,472
*Amount payable within 1 year Rs.8,114,124 (Rs.10,786,962)		
SCHEDULE - D		
UNSECURED LOANS		
Inter Corporate Deposit {N A Sirur (Hubli) Pvt. Ltd., the Holding Company, due within one year}	2,000,000	2,000,000
	2,000,000	2,000,000

SCHEDULES**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008****SCHEDULE - E
FIXED ASSETS**

DESCRIPTION	COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	Upto 01.04.2007	For the year 2007-08	Withdrawn during the year	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a) Free Hold Land	2,858,990	-	-	2,858,990	-	-	-	-	2,858,990	2,858,990
b) Factory Building	14,221,218	-	-	14,221,218	8,028,372	474,989	-	8,503,361	5,717,857	6,192,846
c) Plant and Machinery	9,733,586	5,296,854	-	15,030,440	7,347,640	397,612	-	7,745,252	7,285,188	2,385,946
d) Furniture and Fittings	407,096	754,592	-	1,161,688	397,830	17,800	-	415,630	746,058	9,266
e) Office Equipments	842,562	-	-	842,562	416,225	37,344	-	453,569	388,993	426,337
f) Factory Equipments	1,528,582	6,635	-	1,535,217	976,750	67,657	-	1,044,407	490,810	551,832
g) Electrical Installations	986,240	-	-	986,240	840,882	38,437	-	879,319	106,921	145,358
h) Jigs and Fixtures	1,190,476	-	-	1,190,476	912,025	64,218	-	976,243	214,233	278,451
i) Computers and Printers	586,881	441,234	-	1,028,115	153,919	282,511	-	436,430	591,685	432,962
j) Vehicles	1,901,765	253,449	-	2,155,214	786,297	341,146	-	1,127,443	1,027,771	1,115,468
TOTAL	34,257,396 (34,780,693)	6,752,764 (1,575,022)	- (2,098,319)	41,010,160 (34,257,396)	19,859,940 (19,766,250)	1,721,714 (1,488,098)	- (1,368,408)	21,581,654 (19,859,940)	19,428,506	14,397,456

NOTE: Amounts in paranthesis relate to previous year.

AS AT	AS AT
31ST MARCH, 2008	31ST MARCH, 2007
Rs.	Rs.

SCHEDULE - F**INVESTMENTS****LONG TERM INVESTMENTS (At Cost)**

(Non trade, Unquoted)

2,000 Equity Shares of Rs.25/- each fully paid-up
in The Shamrao Vithal Co-op Bank Ltd.,

50,000

50,000

50,000

50,000

SCHEDULE - G**CURRENT ASSETS, LOANS AND ADVANCES****A] CURRENT ASSETS****1 Inventories (As certified by the management)****a) Raw materials and components***

19,313,117

11,274,902

*Includes Raw materials of Rs.2,928,834 (Rs.3,313,544)

b) Stores and Spares

1,001,533

774,753

c) Materials-in-transit

1,242,170

43,436

d) Work-in-process

6,340,971

-

27,897,791

12,093,091

2 Sundry Debtors (Unsecured and considered good)**a) Outstanding for a period exceeding six months**

2,244,252

2,180,098

b) Other debts**

16,829,201

28,735,660

**Includes amount due from a company in
which directors are interested Rs.Nil (Rs.427,515)
Maximum amount due during the year
Rs.1,218,274 (Rs.427,515)

19,073,453

30,915,758

SCHEDULES**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008**

	AS AT 31ST MARCH, 2008 Rs.	AS AT 31ST MARCH, 2007 Rs.
3. Cash and Bank Balances		
a) Cash on hand	20,820	1,638
b) Balances with Scheduled Banks in Current Accounts	1,412,342	2,869,235
c) Balance with Scheduled Banks in term deposits {Rs.1,059,140 (Rs.3,472,432) held by banks as margin money against Gaurantees issued on behalf of the company}	1,637,510	3,719,328
d) Interest accrued but not due on deposits	37,976	164,270
	<u>3,108,648</u>	<u>6,754,471</u>
B) LOANS AND ADVANCES (Unsecured and considered good)		
a) Advance recoverable in cash or in kind or for value to be received	2,768,140	2,962,017
b) Balance with Central Excise Authorities	201,056	291,462
c) Deposits	303,661	304,69
d) Advance Tax	937,707	663,935
	<u>4,210,564</u>	<u>4,222,105</u>
	<u>54,290,456</u>	<u>53,985,425</u>
SCHEDULE - H		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
a) Sundry Creditors for purchases		
a) Dues to Small Scale Industrial undertakings**	--	6,497,483
b) Dues to Micro and Small Enterprises	3,704,991	--
c) Dues to other than Micro and Small Enterprises	21,501,932	20,201,132
b) Advance from Customers	10,782,749	3,945,485
c) Other liabilities	694,172	179,270
	<u>36,683,844</u>	<u>30,823,370</u>
** As is identified from the records of the company		
B. PROVISIONS		
For Fringe Benefit Tax	965,375	625,000
For Gratuity	1,282,006	39,663
For Leave Encashment	552,796	642,299
	<u>2,800,177</u>	<u>1,306,962</u>
	<u>39,484,021</u>	<u>32,130,332</u>

SCHEDULES**FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Current Year Rs.	Previous Year Rs.
SCHEDULE - I		
OTHER INCOME :		
a. Excess provision for expenses written back	749,970	192,961
b. Dividend from Bank - Non trade investment	6,000	10,000
c. Interest received from Banks	219,923	1,91,326
d. Interest received from Others	18,595	137
e. Profit on sale of assets	-	157,089
f. Exchange fluctuation	9,654	43,321
g. Miscellaneous receipts	2,016	186,007
	<u>1,006,158</u>	<u>780,841</u>
SCHEDULE - J		
MATERIAL CONSUMED :		
Raw Materials and components	61,579,850	72,404,554
Stores and Spares	4,598,387	3,781,690
	<u>66,178,237</u>	<u>76,186,245</u>
(Increase) / Decrease in value of stocks of finished goods and work- in- process		
OPENING STOCK :		
Work-in-process	-	6,758,498
	-	<u>6,758,498</u>
LESS : CLOSING STOCK :		
Work-in-process	6,340,971	-
	<u>6,340,971</u>	-
Manufacturing Expenses	8,975,566	5,768,764
	<u>75,153,803</u>	<u>81,955,009</u>
	<u>(6,340,971)</u>	<u>6,758,498</u>
	<u>68,812,832</u>	<u>88,713,507</u>

SCHEDULES**FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Current Year Rs.	Previous Year Rs.
SCHEDULE - K		
OPERATING AND OTHER EXPENSES		
Power and fuel	1,162,116	1,250,895
Repairs and Maintenance		
Building	20,972	5,500
Machinery {Includes spares Rs.357,745 (Rs.892,299) }	692,037	2,387,229
Furniture	99,503	---
Others	594,898	255,539
	1,407,410	2,648,268
Freight and transportation	1,504,185	1,091,820
Duty, Rates and Taxes	240,944	174,101
Insurance	222,585	234,648
Travelling and conveyance expenses		
Directors	283,905	335,904
Others	2,405,688	2,143,866
	2,689,593	2,479,770
Auditors' Remuneration		
Audit fees	65,000	65,000
Taxation matters	45,000	45,000
Certification and others	30,000	30,000
Out of pocket expenses (Including Service Tax)	70,586	68,944
	210,586	208,944
Directors' sitting fees	15,000	27,500
Sales Commission	2,000,069	2,842,062
Vehicle Maintenance	408,574	504,681
Printing and Stationery	468,901	541,510
Communication charges	733,374	730,790
Miscellaneous Expenses	3,089,741	3,392,157
Research & Development Expenses	-	116,000
Insurance Claim written off	-	1,985,258
Bad debts written off	78,951	6,023
Liquidated damages	1,004,216	1,103,408
Loss on Exchange fluctuation	14,708	53,600
ACMEE / Imtex Exhibition Exps.	-	1,337,347
	15,250,953	20,728,782

SCHEDULES**FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Current Year	Previous Year
	Rs.	Rs.
SCHEDULE - L		
PAYMENT & PROVISION FOR EMPLOYEES		
Salaries and Wages	4,778,213	6,216,028
Remuneration to Executive Vice Chairman	395,423	395,423
Remuneration to Executive Director	915,333	909,500
Contribution to Provident and Other Funds (includes interest shortfall paid to the OPF Trust*)	1,231,040	834,184
Contribution to E S I C	63,866	88,906
Workmen and Staff Welfare Expenses	1,202,761	1,020,758
	<u>8,586,636</u>	<u>9,464,799</u>
SCHEDULE - M		
FINANCIAL CHARGES		
Interest On Fixed Loans	900,526	745,697
Interest to Holding Company	240,000	240,000
Interest On Borrowings and others	5,115,857	4,388,438
Bank Charges	300,596	424,580
	<u>6,556,979</u>	<u>5,798,715</u>

SCHEDULES

**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

SCHEDULE 'N'

NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. Contingent Liabilities:

- a) Counter guarantees given to the bankers for guarantees given by them on behalf of the company **Rs.6,824,055/-** (Rs.13,565,771/-).
- b) Claim by former employees/casual workers pending before Labour Court - Estimated **Rs.1,973,418/-** (Rs.1,973,418/-).
- c) The Company has considered an amount of **Rs.1,457,586** (Rs.1,457,586) due from a customer as good of recovery in respect of which the customer has made claim of Rs.7,348,629 for which no provision is made since the matter is pending in court. The company is confident of recovering the dues and the claim of the customer will not stand.
- d) Liability in respect of pending fringe benefit tax, sales tax and entry tax assessments – not ascertainable.

Outflow of resources on the above can be determined at the time of settlement of disputes/claim.

2. The Company's claim for certain deductions in earlier years under the Income Tax Act, 1961 has been allowed by the Honourable Income Tax Appellate Tribunal, Bangalore resulting in a refund of tax and interest of **Rs.1,228,295/-** (Rs.1,228,295/-). However, the department has pursued the matter by filing an appeal before the Honourable Karnataka High Court. Under the circumstances and according to the company, no provision is considered necessary at this stage.
3. Loan from The Shamrao Vithal Co-op Bank Ltd., Koppikar Road, Hubli is secured by hypothecation of all present and future goods, book debts, receivables and all other moveable assets. The loan is also guaranteed by corporate guarantee of M/s. N A Sirur (Hubli) Pvt. Ltd. Hubli and personal guarantee of a director.

The loan is also secured by charge on immovable properties of the company i.e., Land and Building by deposit of title deeds with the bank and existing unencumbered plant and machineries.

4. The company's premise is located at Tarihal Industrial Area, Tarihal, Hubli, which was earlier covered under the jurisdiction of Rainal Mandal Panchayat. Subsequently, Rainal Mandal Panchayat was merged with Hubli Dharwad Municipal Corporation, (H D M C) Hubli. Since KIADB has not fully developed, this Industrial Estate, it has not handed over the same to H D M C. As such, they are collecting annual maintenance charges. The Company has been regular in making the payment of annual maintenance charges to KIADB. However, as a matter of abundant precaution, tax amount based on past demands of the mandal panchayat has been provided in prior years to an extent of **Rs.317,972/-** (Rs.317,972/-). In view of the above facts, and there being no specific demand, the said municipal tax of Rs.317,972/- has not been remitted nor provision made for subsequent years.
5. Considering the business plans made by the Company, orders on hand and with continued support from the Bankers, the Company expects to recover from the losses. According to the Company and considering all the facts and notwithstanding the erosion of net worth the assumption of 'Going Concern' is not vitiated.

SCHEDULES

**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

6. Remuneration to Managerial Personnel is as follows.

Particulars	Current Year (Rs.)			Previous Year (Rs.)		
	Executive Vice Chairman	Executive Director	Company Secretary	Executive Vice Chairman	Executive Director	Company Secretary
Salary - Basic	300,000	600,000	108,000	300,000	600,000	68,042
House Rent Allowance	---	60,000	---	---	60,000	---
Reimbursement of Medical Expenses	---	50,000	---	---	50,000	---
Employer's Contribution to Provident Fund	36,000	72,000	---	36,000	72,000	---
Contribution to Superannuation Fund	45,000	90,000	---	45,000	90,000	---
Leave Encashment	---	43,333	---	---	37,500	---
Gratuity	14,423	---	---	14,423	---	---
Bonus	---	---	5,668	---	---	13,608
T O T A L	395,423	915,333	113,668	395,423	909,500	81,650

NOTES:

- a. Contribution to Gratuity Fund under Group Gratuity Scheme is not separately identifiable in respect of the Executive Director.
 - b. Consequently, remuneration as above is as per the limits specified under Schedule XIII to the Companies Act, 1956. In view of the loss, computation of profits under Section 198 read with Section 349 of the Companies Act, 1956 is not applicable.
7. Confirmation of balances from sundry debtors and sundry creditors has been called for and awaited from certain parties. The company does not expect any material variation in respect of these accounts.
 8. Value of imports - calculated on CIF basis
Components and spare parts Rs. 7,293,652 (Rs.6,611,650)
 9. Expenditure in foreign currency :
Travel Rs. 240,250 (Rs.86,808)
(Note : Particulars are given on the basis of actual payment)
 10. Revenue expenditure on Research & Development Rs. 600,147 (Rs.484,656)
(Included in their natural heads of account)

SCHEDULES

FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

11. Value of imported and indigenous raw materials, Components, stores and spares consumed:

RAW MATERIALS & COMPONENTS :

	Value Rs.	%	Value Rs.	%
Imported	7,709,312	11.65	(9,612,891)	(12.62)
Indigenous	53,870,538	81.40	(62,791,664)	(82.42)

STORES AND SPARES :

	Value Rs.	%	Value Rs.	%
Imported	NIL	NIL	(NIL)	(NIL)
Indigenous	4,598,387	6.95	(3,781,690)	(4.96)
	66,178,237	100.00	(76,186,245)	(100.00)

12. Value of Raw Materials and Components consumed :

	Unit of Measurement	Qty.	Value Rs.	Qty.	Value Rs.
CNC package with drives and motors	Nos.	25	14,509,041	33	17,512,696
Raw Materials*			10,799,259		9,024,713
Components & Other Materials*			36,271,550		45,867,145
			61,579,850		72,404,554

*Only money value furnished as the items are numerous and it is not possible to furnish quantitative particulars thereof.

13. Capacities and Production :

Class of goods	Capacities (Nos.)	
	Installed	Production
Metal Cutting including Grinding Machines	50* (50)	25 (33)

*As certified by the Management

14. Details in respect of Turnover :

	Qty. (Nos.)	Value (Rs.)
Metal cutting including Grinding Machines	25 (33)	9,54,03,924 (13,50,65,558)
Spares for Re-manufacturing Machine	- (1)	- (14,27,422)
Other Spares		1,39,66,525 (72,03,698)
Total		10,93,70,449 (14,36,96,678)

15. Opening and Closing Stock of Finished Goods:

	Opening Stock		Closing Stock	
	Qty (Nos.)	Value (Rs.)	Qty (Nos.)	Value (Rs.)
Metal Cutting including Grinding Machines	----	----	—	—
	(----	(----	(—)	(—)

SCHEDULES

**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

16. Micro, Small and Medium Enterprises :

Sl.No.	Particulars	Amount in Rs.
a	Principal amount remaining unpaid as at March 31, 2008	3,545,654
b	Interest due thereon remaining unpaid on March 31, 2008	149,555
c	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed date during each accounting year - Amount of payment made beyond appointed date Amount of interest paid there on	703,480 Nil
d	The amount of interest due and payable for the period of delay in making payment without adding specified interest.	Nil
e	The amount of interest accrued and remaining unpaid on March 31, 2008 and disallowable.	159,337

Notes :

- (i) The above information has been determined to the extent such parties and other relevant data have been identified by the Company, which has been relied upon by the auditors.
- (ii) As this is the first year of applicability of the above disclosure requirements to the Company, the corresponding figures for the previous year have not been furnished.
17. (a) The Company has provided for Leave Encashment on actual basis/management estimates and the same is not funded.
- (b) Disclosure as per Accounting Standard 15 "Employee Benefits"
Defined Contribution Plan :
Contribution to Defined Contribution Plan, recognized as expense for the year are as under :

	Current Year Rs.
Employer's contribution to Provident & Pension Fund	577,814
Employer's contribution to Superannuation Fund	135,000

Defined Benefit Plan :

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The Present value of obligation is determined in terms of their entitlement based on the actual completed service at the end of the year.

1. Reconciliation of opening and closing balances of the Defined Benefit Obligation :	Gratuity (funded)
Defined benefit obligation at the beginning of the year	2,525,895
Current Service Cost	726,139
Interest Cost	--
Benefits paid	650,307
Defined benefit obligation at the end of the year (includes obligation of Rs.54,086/- not funded or covered by plan asset)	2,601,727

SCHEDULES**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

2.	Reconciliation of opening and closing balance of fair value of the plan assets :	
	Fair value of the plan assets at the beginning of the year	1,258,312
	Expected return on plan assets	128,445
	Employer Contribution	583,271
	Benefits paid	650,307
	Fair value of the plan assets at the end of the year	1,319,721
3.	Reconciliation of fair value of assets and obligations :	
	Fair value of plan assets	1,319,721
	Present value of obligation	2,601,727
	Amount recognized the Balance Sheet (includes obligation of Rs.54,086) not funded or covered by plan assets)	1,282,006
4.	Expense recognized during the year :	
	(under "Schedule-L" Payment & Provision for employees)	
	Current service cost	726,139
	Interest cost	--
	Expected return on plan assets	128,445
	Net Cost	597,694
5.	The actuarial assumptions made for purposes of determining accrued gratuity to the extent funded/or to be funded are as under :	
	Mortality Table (LIC)	1994 - 96 (ultimate)
	Discount rate (per annum)	8%
	Interest rate (per annum)	9%
	Rate of escalation in salary (per annum)	10%
	Previous year figure has not been furnished since AS 15 (revised) has been implemented for the first time.	

The effect of changes in interest cost and actuarial gains/losses are not separately identifiable.

18. The company has only one business segment viz., Metal Cutting including grinding machines. All sales are in India. Hence the disclosures required under Accounting Standard 17 dealing with segment reporting are not applicable.

19. Particulars	For the Year ended 31st March, 2008	For the Year ended 31st March, 2007
Net Profit / (Loss) for the year	(-) 2,174,871	783,575
No. of Equity Shares of Rs.10/- each	3,003,500	3,003,500
Earnings per share	(-) Rs.0.72	Rs.0.26

SCHEDULES**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

20. The company has got deferred tax assets in the form of unabsorbed business losses and depreciation. The same has been recognised only to the extent of the deferred tax liabilities as under :

Deferred Tax Liabilities on account of difference in written down value of fixed assets	Rs.1,978,122 (Rs.2,389,928)
Less : Deferred Tax Assets on account of unabsorbed losses/allowance	Rs.1,978,122 (Rs.2,389,928)

21. a) Key Management Personnel and their Relatives :

Sl No.	Name of the Related Party	Nature of Relationship
1	Mr. Vikram Sirur	Executive Vice Chairman
2	Mrs.Alka Sirur	Related to Executive Vice Chairman
3	Mr.Sandeep Sirur	Related to Executive Vice Chairman
4	Ms.Neelima Parthiv Hejmadi	Related to Executive Vice Chairman
5	Ms.Sheetal Amarnath Savur	Related to Executive Vice Chairman
6	Mr. A.R. Menon	Executive Director
7	Mr. V.N. Hasalkar	Company Secretary

- b) Particulars of Holding Company :

Name of the Related Party	Relationship
N.A. Sirur (Hubli) Pvt. Ltd.	Holding Company

- c) Particulars of Associates :

Sl. No.	Name of the Related Party	Relationship
1	Miven Mayfran Conveyors Pvt. Ltd.,	Enterprises over which key management personnel and their relatives are able to exercise significant influence
2	Cotmac Pvt. Ltd.,	
3	Cotmac Electronics Pvt. Ltd.,	
4	Cotmac Electronics (Surat) Pvt.Ltd.,	
5	Cotmac Infotech Pvt. Ltd.,	
6	Cotmac Telecom Pvt. Ltd.,	
7	Cotmac Electronics (Bangalore) Pvt Ltd.,	
8	Cotmac Gastech Pvt. Ltd.,	
9	Sirsi Weldaids Pvt. Ltd.,	
10	Softech Pvt. Ltd.,	
11	Ruris Tecnal Extraction Systems Pvt. Ltd.,	
12	Mipro International Pvt. Ltd.,	
13	Finearc Systems Pvt. Ltd.,	

SCHEDULES

**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

DETAILS OF TRANSACTIONS :			
Nature of transactions	Holding Company	Key management personnel and their Relatives	Enterprises in which key management personnel and their relatives are able to exercise significant influence
Interest Paid	240,000 (240,000)	--	--
Purchase of materials			
Miven Mayfran Conveyors Pvt Ltd. Hubli			1,874,330 (2,318,881)
Others			109,993 (628,884)
Sale of materials :			
Miven Mayfran Conveyors Pvt Ltd, Hubli			3,143,126 (1,975,706)
Remuneration	--	1,424,424 (1,386,573)	-
Inter corporate deposit outstanding at the end of the year	2,000,000 (2,000,000)	--	--
Amount due from Company as at 31.03.2008			
Miven Mayfran Conveyors Pvt Ltd, Hubli			617,436 (762,095)
Others			2,422 (Nil)

22. The movement of provisions is as under :

	Leave Encashment	Fringe Benefit Tax
Opening Balance	642,299	625,000
Add : Provision / payment made during the year	Nil	340,375
Less : Utilization during the year	89,503	Nil
Closing Balance as on 31 st March, 2008	552,796	965,375

23. Figures of the previous year have been re-grouped wherever necessary to be in conformity with that of current year and are shown in brackets.

SCHEDULES

**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

SCHEDULE 'O' SIGNIFICANT ACCOUNTING POLICIES

1. ACCRUAL SYSTEM OF ACCOUNTING

- a) The company follows the accrual system of accounting in respect of all items of expenditure except warranty claim and income.
- b) Warranty claims from customers are accounted in the year of claim / settlement. Non-provision for the same on accrual basis is not expected to have a material effect on the account.

2. FIXED ASSETS

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenses relating to acquisition, installation, erection and commissioning less depreciation.

Internally manufactured assets are valued at cost or estimated market price whichever is lower.

3. INVENTORIES

Raw materials, stores, spare parts and components are valued on the basis of Weighted Average Method after providing for obsolescence. Work-in-process is valued at cost. Finished goods are valued at cost or net realisable value whichever is lower. As per Accounting Standard 2 excise duty on finished goods lying at works is also accounted and provided in the books of account. Materials in transit are valued at cost inclusive of Customs duty and other incidental expenses payable.

4. DEPRECIATION

Depreciation on all assets excepting vehicles is charged on the straight-line method as contemplated in Section 205 (2) (b) of the Companies Act, 1956. Depreciation on vehicles has been charged on the Written Down Value method as contemplated Under Section 205 (2) (a) of the Companies Act, 1956. Depreciation as above is in accordance with Schedule XIV of the Companies Act, 1956.

5. RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure in carrying out Research and Development activities is charged to profit & loss account of the year in which it is incurred.

6. REVENUE RECOGNITION

Sale of Machine is recognised on shipment to customers after pre-inspection wherever applicable and includes recovery towards excise duty.

7. BORROWING COST

Interest and other costs in connection with borrowing of funds to the extent related / attributed to the acquisition / construction of qualifying assets are capitalised up to the date when such assets are ready for their intended use and other borrowing costs are charged to profit and loss account.

8. FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. The exchange differences arising on their settlement are dealt with in the Profit and Loss Account. All monetary items denominated in foreign currency are restated at the year-end exchange rate and the differences arising from such restatement are recognised in the Profit and Loss Account.

SCHEDULES

**FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

9. EMPLOYEE BENEFITS

(i) Short Term Employee Benefits :

Employee benefits payable wholly within twelve months of rendering the service are classified as short term. Benefits such as salaries, bonus, exgratia etc. are recognised in the period in which the employee renders the related service.

(ii) Post Employment Benefits :

a) Defined Contribution Plans :

The Company has contributed to Provident, Pension and Superannuation Funds which are defined contribution plans. The contribution paid/payable under the scheme to the Regional Provident Fund Commissioner / Life Insurance Corporation of India is recognised during the year in which employee renders the related service. The Company also contributes to the Officers Provident Fund Trust for a few senior employees in respect of which interest shortfall, if any, is accounted on a year to year basis.

b) Defined Benefit Plans :

Employee's gratuity and leave encashment are defined benefit plans. The present value of the obligation under such plan has been determined based on completed service at the end of the year on accrual basis.

10. TAXES ON INCOME

Provision for current tax is made after considering any excess / short in earlier years. Deferred tax liability on account of timing differences are provided considering the tax rates and the tax laws enacted by the Balance Sheet date. However, deferred tax assets are recognised only if future profits are virtually certain.

11. CONTINGENT LIABILITIES AND PROVISIONS

Financial effect of contingent liabilities is disclosed based on information available upto the dates on which financial statements are approved. However, where a reasonable estimate of financial effect cannot be made, suitable disclosures are made with regard to this fact and the existence and nature of the contingent liability.

Provisions involving 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 notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

SCHEDULES

FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 AND
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'P'

NOTES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS
ACCOUNT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

Corporate Identity No. (CIN) U29295KA1985PTC007036 State Code 0 8
Balance Sheet Date: 31 03 2008

**II Capital raised during the year
(Amount in Rs.thousands)**

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

**III Position of Mobilisation and deployment of Funds
(Amount in Rs.thousands)**

Total Liabilities	Total Assets
72,536	72,536

SOURCES OF FUNDS

Paid-up Capital	Reserves & Surplus
30,035	1,528
Secured Loans	Unsecured Loans
38,974	2,000

APPLICATION OF FUNDS

Net Fixed Assets	Investments
19,429	50
Net Current Assets	Misc. Expenditure
14,806	Nil
Accumulated Losses	
38,251	

IV Performance of Company (Amount in Rs.thousands)

Turnover	Total Expenditure
99,095	100,929
Profit Before Tax (-) Loss	Profit After Tax (-) Loss
(-) 1,834	(-) 2,175
Earning Per Share in Rs.	Dividend Rate %
(-) 0.72	-

V Generic Names of Three Principal Products/Services of Company

Item Code No. 845811 00
(I T C Code)
Product description Horizontal Numerically Controlled Lathes

In accordance with our Report attached
For **B K RAMADHYANI & CO.**
Chartered Accountants

Signatories to Schedules A to P

C R KRISHNA
Partner

D N Upponi
Chairman

Vikram Sirur
Executive Vice Chairman

Place : Hubli
Date : 26th June, 2008

A R Menon
Executive Director

V N Hasalkar
Company Secretary

PROXY FORM

MIVEN MACHINE TOOLS LIMITED

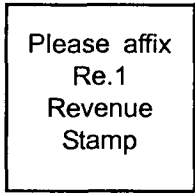
Regd. Off. : Tarihal Industrial Area, Tarihal
HUBLI 580 026 Karnataka State (India)

LF. No.....

No. of Shares.....

I/We.....
of.....being
member/s of MIVEN MACHINE TOOLS LTD, Hubli appoint.....
.....of.....or failing
him/her.....of.....as my / our proxy in my / our
absence to attend and vote for me / us on my / our behalf, at the 23rd Annual General Meeting
of the Company to be held on Friday, the 19th September, 2008 at 3.30 P M and any adjournment
thereof.

IN WITNESS whereof I / We have set my / our hand/s thisday of
..... 2008.



(Signature of the shareholder across the stamp)

In the presence of (witness)

NOTE : The proxy must be deposited at the Registered Office of the company not less than
48 hours before the time for holding the meeting.

TEAR HERE

ATTENDANCE SLIP

MIVEN MACHINE TOOLS LIMITED

Regd. Off. : Tarihal Industrial Area, Tarihal
HUBLI 580 026 Karnataka State (India)

(Please complete this Attendance Slip and hand it over at the entrance.)

Name of the Member :L.F. No.....

Name of the Proxy.....

(if Proxy attends instead of the member)

I hereby record my presence at the 23rd Annual General Meeting at the Registered Office of the
company at Tarihal Industrial Area, Tarihal, Hubli 580 026 on Friday, the 19th September, 2008
at 3.30.p m.

(Signature of Member / Proxy).....