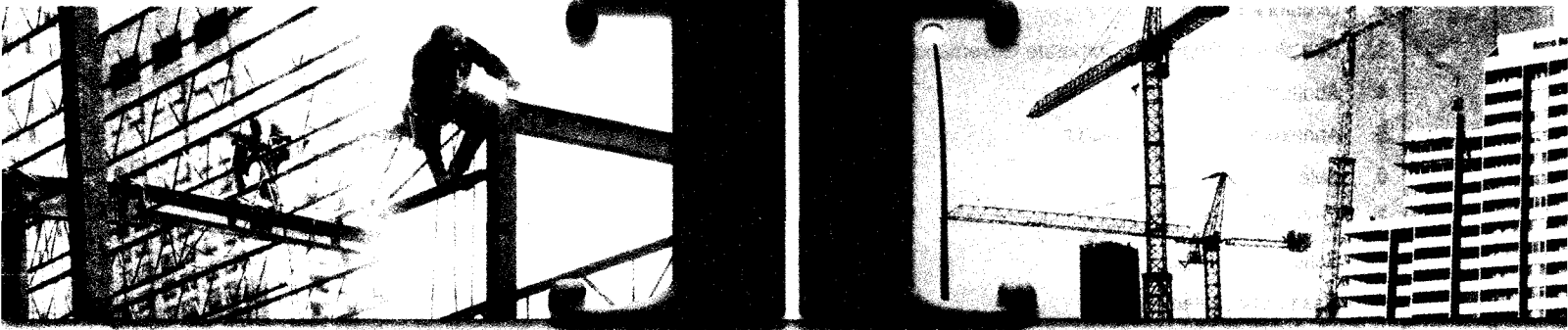




JOG ENGINEERING LIMITED

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**25 th Annual Report
2002-2003**



25th ANNUAL REPORT 2002 - 2003

■ Board of Directors :

Shri. Madhav Jog, Managing Director
Shri. Rajendra Jog, Managing Director
Shri. Dinesh K. Afzulpurkar
Shri. Pramod P. Sheth
Shri. Madhukar K. Shirude, Executive Director

■ Company Secretary :

Shri. A.V. Vasantgadkar

■ Bankers :

Bank of Maharashtra
Andhra Bank
Development Credit Bank Limited

■ Auditors :

Joshi & Sahney
Chartered Accountants
1913, Sadashiv Peth, Pune - 411030

■ Registered Office :

'Jog Center',
28/1, Wakdewadi, Mumbai - Pune Road,
Pune - 411003
Phone : (020) 25815931
Fax : (020) 25814690
E-mail : jelhopune@yahoo.com

■ ANNUAL GENERAL MEETING :

Date : 31st August 2004
Day : Tuesday
Time : 12.00 noon
Place: Pudumjee Hall, Mahratta Chamber of
Commerce, Industries and Agriculture,
Tilak Road, Pune - 411002

Members are requested to bring their copy of the
Annual Report to the Annual General Meeting.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the members of Jog Engineering Limited will be held on Tuesday, 31st August 2004, at 12.00 noon at Pudumjee Hall, Mahratta Chamber of Commerce, Industries & Agriculture, Tilak Road, Pune - 411 002, to transact the following business.

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 2003 and the audited Profit and Loss Account for the year ended on 31st December 2003 together with the Auditors' Report and the Directors' Report thereon.
2. To appoint a Director in place of Shri. D.K. Afzulpurkar who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

RESOLVED THAT Shri. Pramod Pitambar Sheth be and he is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Shri. Madhukar Kashinath Shirude be and he is hereby appointed as Director of the Company, liable to retire by rotation.

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

RESOLVED THAT subject to the approval of the Central Government and pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, an approval of the members of the Company be and it is hereby accorded to the appointment of Shri. Madhukar Kashinath Shirude as a Wholtime Director of the Company and designated as Executive Director, for a period of 5 years with effect from 27th March 2004 on the remuneration and other principal terms and conditions stated in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of office of Shri. M. K. Shirude as Executive Director, the monthly remuneration and other benefits / perquisites set out in the Explanatory Statement be paid or granted to him as minimum remuneration.

AND THAT the Board of Directors of the Company be and it is hereby authorised to take all such steps / actions as may be necessary to give effect to this resolution.

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

RESOLVED THAT subject to the approval of the Central Government and pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, an approval of the members of the Company be and it is hereby accorded to the re-appointment of Shri. Madhav Jog as Managing Director of the Company for a period of 5 years with effect from 26th September 2003 on the remuneration and other principal terms and conditions stated in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of office of Shri. Madhav Jog as the Managing Director, the monthly remuneration and other benefits / perquisites set out in the Explanatory Statement be paid or granted to him as minimum remuneration.

AND THAT the Board of Directors of the Company be and it is hereby authorised to take all such steps / actions as may be necessary to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, and subject to the Listing Agreement and applicable provisions of the Companies Act, 1956, if any, an approval of the members of the Company be and it is hereby accorded to the Board of Directors of the Company to seek voluntary delisting of the Equity Shares of the Company from Pune Stock Exchange Limited.

AND THAT the Board of Directors of the Company be and it is hereby authorised to take all such steps / actions as may be necessary to give effect to this resolution.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE INSTEAD OF HIMSELF ON A POLL ONLY. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, if given, must be deposited with the Company not less than 48 hours before the meeting.

2. **The Register of Members and the Share Transfer Book** of the Company will remain closed from 28th August 2004 to 31st August 2004 (both days inclusive).

3. The members seeking further information about the Accounts etc. are requested to inform the Company at least one week before the date of the meeting so that it would be convenient to keep the information ready at the meeting.

4. **An Explanatory Statement** is annexed in respect of item nos. 4 to 8 of the Notice.

5. The Company has entered into Agreement with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for custody and **dematerialization of Equity Shares**. Members can avail the depository facility by approaching any of the Depository Participants of NSDL or CDSL.

6. Those members who have not so far encashed **Dividend Warrants** for the financial years 1996-97 and thereafter, may immediately approach the Company for revalidation of unclaimed Dividend Warrants. The amount of Dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund as per the provisions of Section 205 C of the Companies Act, 1956.

7. Pursuant to the requirement of Clause 49 of the Listing Agreement (Code of Corporate Government), the following information is provided in respect of the appointment of **Directors** as proposed in the Notice of meeting.

Shri. Dinesh K. Afzulpurkar (66), M. Sc., is a retired member of the Indian Administrative Service. He was Chief Secretary to the Government of Maharashtra during 1996-97. He holds directorships in Perspective Advisory Services Private Limited and Kolhapur Steel Private Limited.

Shri. Pramod P. Sheth (49), B.E.(Civil), is a construction engineer and carries on business as a builder and developer. He holds a membership card of National Stock Exchange and directorship of Jog Software Solutions Limited. He has executed housing construction projects at Andheri, Mulund, Thane, Dadar etc. He is co-opted as Director of the Company in the month of March 2004.

Shri. Madhukar K. Shirude (48), M.B.A., LL.B., M.P.M., P.G.D.M.M., is working with the Company in different capacities for last 25 years.

At present he is an Executive Director of the Company. He is co-opted as Director of the Company in the month of March 2004. He has wide experience and knowledge in different areas, i.e. legal, personnel and administration. He holds directorships in Mahakali Flyover Company Limited, Jog Multimedia Private Limited, Jog Agro Farms Pvt. Ltd. and Jog Fabricators Private Limited.

Shri. Madhav Jog (49), B.E. (Civil), is associated with the Company in different capacities from 1978. Since September 1998, he is a Managing Director of the Company. He developed the status and the business of the Company from the partnership form of activity to a private limited company, and then to a public limited company, and then finally a public company listed at stock exchanges. All this transformation has observed a period of growing business activity. His abilities and association enabled the Company to execute successfully various hi-tech projects such as off shore marine out fall, cement mortar lining, prefab building construction, aerial ropeway, flyovers, expressway.

He is a Director of Jog Software Solutions Ltd., Able Investment & Finance Private Limited and Yashodhan Hotels Private Limited.

By Order of the Board,
A. V. VASANTGADKAR
COMPANY SECRETARY

Date : 14th July 2004
Regd. Office : 'Jog Center',
Mumbai - Pune Road, Wakdevadi,
Pune - 411 003.

ANNEXURE TO THE NOTICE

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

Item No. 4 & 5:

The Board of Directors of the Company has co-opted Shri. P. P. Sheth and Shri. M. K. Shirude as additional directors on the Board in the Board Meeting held on 27th March 2004. Pursuant to the provisions of Section 260 of the Companies Act, both the directors shall hold the office of director only upto the date of the next Annual General Meeting. The Company has received notices under Section 257 of the Companies Act from some members to propose the appointment of the said two persons as directors of the Company.

A brief profile of the two directors is provided in note no. 7 of the Notice of the meeting. The Board feels that the wide experience and knowledge of the two directors will be of immense benefit to the Company. Hence 2 resolutions are proposed at item no. 4 and 5 of the Notice. Shri. P. P. Sheth and Shri. M. K. Shirude are interested in the respective resolution for their own appointment. No other director is concerned with or interested in the 2 resolutions.

The Board recommends the resolutions to the members for their approval.

Item No. 6:

The proposed appointee Shri. M. K. Shirude (48), M. B. A., LL.B., M.P.M., P.G.D.M.M., is an employee of the Company for a continuous period of last 25 years, i.e. since 1979. At present, he is designated Executive Director. He has wide and varied knowledge and experience in different functional areas such as legal, personnel, administration and project execution.

Considering his experience and knowledge, the Board thought it fit to entrust more responsibilities on him as a director of the Company. Accordingly, Shri. M. K. Shirude is co-opted as a director on 27th March 2004 by the Board. Since he is in full time employment of the Company, after his co-option as a director, he occupies a position of Wholetime Director of the Company. Subsequently, he is designated as Executive Director. His appointment and remuneration are subject to an approval of the members of the Company and of the

Central Government. An application is submitted to the Central Government for their approval.

No change is proposed in the monthly salary of Rs. 65,000/- already being paid to Shri. M. K. Shirude on his appointment as a Wholetime Director. However, it is proposed to enhance the limit of reimbursement of medical expenses to Rs.25,000/- p.a. (Earlier Rs. 10,000/-). Further, it is proposed to pay him 0.25% commission on net profit.

The proposed material terms of appointment and remuneration payable to Shri. M. K. Shirude are as under :

1. Period:

The appointment is for 5 years with effect from 27th March 2004.

2. Monthly Salary (No change) :

Basic salary of Rs.32,500/- per month with annual increment of Rs.5,000/- p.m. falling due on 1st of January each year. In addition, he is entitled to other allowances of Rs.32,500/- per month as per rules of the Company.

3. Other benefits / perquisites :

In addition to salary, the following other benefits / perquisites shall be provided to him as per rules of the Company.

- Reimbursement of medical expenses incurred for himself and family.(Restricted to Rs. 25,000/- p.a.)
- Leave travel allowance for himself and family once in a year. (Restricted to Rs. 25,000/- p.a.)
- Bonus
- Contribution to Provident Fund.
- Gratuity at a rate not exceeding half month's basic salary for each completed year of service.
- One car with services of a driver, to be maintained by the Company for official use.
- Telephone and other communication facilities at residence.
- Leave and leave encashment as per rules.

4. Commission :

At the rate of 0.25% of the net profit of the Company for a financial year.

5. Minimum Remuneration :

In the event of loss or inadequacy of profit in any financial year during his term as Wholetime Director, the Company shall pay him minimum remuneration by way of salary and other benefits / entitlements / perquisites as mentioned above.

A draft of the Agreement to be entered into with Shri. M.K. Shirude will be available at the meeting.

Shri. M. K. Shirude himself is interested in resolution no. 6 since it is for his appointment. No other director is concerned with or interested in the resolution.

The above, together with the relevant resolution, may also be treated as 'an abstract of the terms of the contract' pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolution to the members for their approval.

Item No. 7:

Shri. Madhav Jog (49), B.E. (Civil), is a Managing Director of the Company. His earlier term of appointment concluded on 25th September 2003. The Board of Directors has re-appointed him as a Managing Director for a further period of 5 years w. e. f. 26th September 2003. His re-appointment and remuneration are subject to an approval of the members of the Company and of the Central Government.

The proposed material terms of re-appointment and remuneration payable to Shri Madhav Jog are as under:

1. Period:

The re-appointment is for 5 years with effect from 26th September 2003 i.e. upto 25th September 2008.

2. Monthly Salary:

- (i) Rs. NIL p.m. till such time the Company starts making profits and wipes out all present losses.
- (ii) Rs. 100,000/- p.m. after time the Company starts making profits and wipes out all present losses.

3. Other benefits / perquisites:

In addition to salary, the following other benefits / perquisites shall be provided to him as per rules of the Company.

a) Housing:

- 1. The expenditure by the Company on hiring furnished accommodation will be Rs. 25,000/- p.m. until the Company starts making profits and wipes out all present losses and thereafter subject to a ceiling of sixty percent of the salary over and above ten percent payable by him.
- 2. In case the Company owns the accommodation, the Company shall deduct ten percent of his salary.
- 3. The expenditure incurred by the Company on gas, electricity, water and furnishings to be valued as per the Income-tax Rules, 1962.
- b) Reimbursement of medical expenses incurred for him and family subject to a ceiling of Rs. 25,000/- per annum till such time the Company starts making profits and wipes out all present losses and 1 month's salary in a year or 3 months' salary over a period of 3 years.
- c) Leave Travel allowance for him and family, once in a year, incurred in accordance with rules of the Company only after the Company starts making profits and wipes out all present losses.
- d) Club fees subject to a maximum of 2 clubs only after the Company starts making profits and wipes out all present losses.
- e) Personal accident insurance of an amount, the annual premium of which does not exceed Rs. 4,000/-.
- f) Bonus only after the Company starts making profits and wipes out all present losses.
- g) Contribution to Provident Fund.
- h) Contribution to Super-annuation Fund.
- i) Gratuity at a rate not exceeding half month's salary for each completed year of service.
- j) One car with services of a driver, to be maintained by the Company for official use.
- k) Telephone and other communication facilities at residence.
- l) Leave and leave encashment as per rules.

4. Commission:

At the rate of 1% of the net profit of the Company for a financial year.

5. Minimum Remuneration:

In the event of loss or inadequacy of profit in any financial year during his term as Managing Director, the Company shall pay him minimum remuneration by way of salary and other benefits / entitlements / perquisites as mentioned above.

A draft of the Agreement to be entered into with Shri. Madhav Jog will be available at the meeting.

Shri. Madhav Jog himself is interested in resolution no. 7 since it is for his re-appointment. Being his brother, Shri. Rajendra Jog, managing director, may be deemed to be concerned with or interested in the resolution. No other director is concerned with or interested in the resolution.

The above, together with the relevant resolution, may also be treated as 'an abstract of the terms of the contract' pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolution to the members for their approval.

Item No. 8:

The Equity Shares of the Company are listed on Stock Exchanges at Mumbai and Pune. With wide and extensive networking of the centres of the Stock Exchange, Mumbai and also extension of its terminals to all other major cities as well, the investors all over the country have easy access to online trading in the shares of the Company. Almost entire volume of trading in the shares of the Company takes place at the Stock Exchange, Mumbai only. There is no trading in the shares of the Company at Pune Stock Exchange (PSE) in last 3 years. Therefore, practically there is no benefit in continuing the listing of the shares at PSE to justify the cost being incurred by the Company. Hence the Board of Directors believes that it is desirable to delist the Company's shares from PSE pursuant to the SEBI Guidelines.

Under the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, companies have now been allowed to seek voluntary delisting even from the regional Stock Exchange. As provided in the Guidelines, an exit opportunity need not be given to the shareholders if the shares of the Company continue to be listed on a Stock Exchange having nationwide trading terminals such as Stock Exchange, Mumbai. The Company's Equity shares will continue to remain listed on Stock Exchange, Mumbai.

In view of this, a special resolution seeking an approval of the members for delisting of the shares of the Company from PSE is placed for your approval. The proposed delisting will not, in any way, affect the interest of the members and liquidity of the shares of the Company.

No director of the Company is concerned with or interested in the resolution.

The Board recommends the special resolution to the members for their approval.

By Order of the Board,
A. V. VASANTGADKAR
COMPANY SECRETARY



DIRECTORS' REPORT : 2002-2003

To:

The Members of

Jog Engineering Limited

The Directors submit the 25th Annual Report along with audited Accounts of the Company for the financial year ended on 31st December 2003.

1. Summarised Financial Results:

The summarized financial results of the financial year are stated below. With the permission of the Registrar of Companies, Pune, the financial year of the Company is changed so as to end on 31st December. Hence, the financial year under report consists of a period of 18 months from 1st July 2002 to 31st December 2003.

(Rs. in Lac)

Particulars	Year ended on 31/12/2003 (18 months)	Year ended on 30/6/2002 (12 months)
Total Income	1,734.65	7,921.70
Gross Profit / (Loss)	(350.46)	1,407.33
Add / (Less) Depreciation	(307.38)	(244.39)
Add / (Less) Cost of Finance	(1,230.26)	(714.23)
Profit / (Loss) before Tax	(1,888.10)	448.71
Add / (Less) Provision for Tax	15.84	(159.15)
Profit / (Loss) after Tax: Net Profit / (Loss)	(1,872.26)	289.56
Add / (Less) Balance brought forward from previous year	205.23	191.73
Add / (Less) Prior Period adjustments (net)	(4.65)	(26.06)
	(1,671.68)	455.23
Add: Transferred from General Reserve	1,671.68	-
Balance available for appropriation	-	455.23
Appropriation:		
Capital Redemption Reserve	-	25.00
General Reserve	-	225.00
Proposed Dividend-Preference	-	-
Proposed Dividend-Equity	-	-
Tax on Dividend	-	-
Balance carried over	-	205.23
		455.23

2. Performance:

The Company has taken a conscious decision to enter into foreign markets to explore attractive business opportunities in line with our areas of expertise. This is elaborated under item no. 4(B) - Management Discussion and Analysis. Execution of the first foreign project in UAE commenced after the end of the year 2002-2003. With the Indian contracts coming towards end and with the foreign contract work yet to start, the turnover of the Company suffered badly.

Members are aware of the Andheri Flyover project, which has been a subject of a lengthy litigation process due to which the Company faced extreme cash flow problems throughout the financial year 2002-2003.

Further, our various monetary claims have got stuck up with various authorities in spite of our best efforts of recovery. Consequently, the cost of finance marked a huge increase and rose to Rs. 12.30 Crore from Rs. 7.14 Crore in the year before. All this has badly affected our operations and resulted into a lower turnover of Rs. 17.35 Crore and a net loss of Rs. 18.72 Crore.

Absence of liquidity was experienced throughout the year. This made it difficult to meet various financial commitments in time. This includes dues to the depositors of the Company on account of their deposits and interest thereon. Requisite intimation is given to the Company Law Board (CLB) every month. CLB has issued to us 3 Orders directing us about the manner of repayment of deposits. Depending upon the cash flow position, we are making honest

efforts to repay the deposits pursuant to the Orders of CLB.

3. Ongoing / Completed Projects:

The project of Mumbai-Pune Expressway was completed and taken over by MSRDC in November 2001. Some additional work allotted to the Company is also completed. Final bill for the main contract was submitted which is provisionally paid for. Final settlement of the bill will be done on expiry of the defects liability period, i.e. after 15 November 2004.

The project of construction of the MIDC's building for Software Technology Park at Hinjawadi was completed in the previous financial year and handed over to the client MIDC. Some additional work allotted to the Company is also completed. The final bills are under process and have been partly paid.

The project of construction of 33 buildings at Mankhurd is about 60% completed. Work progress is slow since the client is not making timely payments despite repeated promises. The project work, therefore, progresses to the extent payments are released by the client.

The work of constructing the Flyover in the overall Andheri Flyover Project was completed in the previous financial year. The flyover was opened to traffic on 1st January 2002. However, the construction of subways and development of commercial complex under the main bridge is yet to be completed. The work is held up due to paucity of finance. The Company has executed some extra works. However, payments against the extra work are still under consideration with the Government of Maharashtra and have not

yet been paid. To that extent, financial resources are affected.

The members are aware of the ropeway at Raigad. The Company found it difficult to run even this ropeway due to acute paucity of funds. Therefore, the rights to conduct ropeway operations and the maintenance thereof have been delegated to another company namely Millennium Properties Private Limited (MPPL). An Agreement is entered into with MPPL for a period of 5 years from 15th February 2004. As a consideration, MPPL shall pay Rs. 12 Lac p.a. to the Company, providing an assured inflow of funds.

4. Management Discussion and Analysis:

The financial performance during the year is stated above. The operational performance was as under:

(A) Operational Performance (Division wise):

		(Rs. in Lac)	
No.	Particulars	Building Works Engineering	Transportation
1	Contract Amount	9,889	35,182
2	Completed upto 30/6/2002	5,013	32,627
3	Completed during 1/7/2002 to 31/12/2003	736	422
4	Completed upto 31/12/2003	5,749	33,049
5	Balance on 1/1/2004	4,140	2,133

The aggregate revenue - collection at Raigad Ropeway project amounted to Rs. 159 lac during the financial year. Information of the ongoing projects and completed projects is provided hereinabove.

(B) Business prospects in the Middle East:

The management has been focusing its attention on business prospects in the Middle East and especially in United Arab Emirates (UAE). The Managing Director Shri. Madhav Jog has studied the possibilities of exploring various business propositions during his visits to UAE. He felt that Ras Al Khaimah Free Trade Zone offers attractive incentives. The Zone is committed to develop a clean, productive and stress-free business environment within which companies can pursue industrial, trade and service activities. The Zone consists of Industrial Park, Technology Park and Business Park. The incentives offered include 100% exemption from all commercial levies, 100% repatriation of capital & profit, no corporate tax, long-term lease etc.

As a result of our continuous efforts, the Company has successfully secured a Work Order in UAE. The order is for drilling, blasting and crushing of 300 Lac MT of stone aggregate for an approximate amount equivalent to Rs. 290 Crore. Union Trading Company LLC (UTC) of Ras-AI-Khaimah (RAK), UAE, has awarded the contract-work to us. UTC is a part of the Union Group of RAK owned by a member of the Ruling family of Ras Al Khaimah. The group has active presence in various lines of business. UTC possesses a huge quarry and Crushing Plant at Fujairah. At present, it produces upto 1.40 lakh MT of aggregates per month. This is too short of the potential of the quarry. Further, there exists a huge demand in UAE and other Middle East countries for the aggregate. The project assigned to the Company is to run their quarry for drilling, blasting and crushing of the aggregate at a rate of 60 lac MT per annum for a term of 5 years. For this purpose, we have to modify their existing Plant and add additional machinery to increase the capacity. The marketing responsibility continues to be with UTC. The entire Gulf area is going through a major construction boom and this ensures a big demand for stone aggregates used in concrete. In view of this situation, we see a good business opportunity in UAE.

The risks and threats, which are normally present in projects carried on abroad, do apply to our aforesaid project in UAE.

The above would provide to the members an idea of the new opportunities available to us and the outlook of our business.

In order to undertake and execute various construction projects in UAE, your Company has incorporated a new company Jog Union Engineering LLC (JUEL) jointly with the Union Group of Ras Al Khaimah, under the laws of UAE and having registered office at Ras Al Khaimah, UAE. Government of Ras Al Khaimah, Public Works Department, has invited a tender for construction of Foul Drainage Systems and associated Pumping Stations at Ras Al Khaimah.

The said Company JUEL was pre-qualified to bid on this project by Government of Ras Al Khaimah, Public Works Department. JUEL approached us with a request to bid for the said tender by forming a joint venture. We have accepted the request and a Joint Venture Agreement is recently entered into with JUEL for the purpose of quoting, accepting and executing the said project. We take pleasure to inform you that the bid made for the project has been determined to be most competitive and most competent and prospects of winning order for this project worth AED 126 Million (Rs. 155 Crore) are quite bright.

Your Company has established a branch office in the Ras Al Khaimah Free Trade Zone to facilitate our operations over there.

(C) Internal Control Systems:

The Company has adequate internal control procedures relating to purchase of raw material, stores, components etc. commensurate with the size of the Company and nature of its business. The internal control system also covers speedy compilation of accounts and management information reports.

(D) Human Resources:

Over the years, the Company has built up a pool of quality human resources with a variety of skills suitable to its business requirements. By way of programmes of seminars, lectures and discussion, training of employees at various levels is conducted. Wherever required, on the job training is ensured. Total number of employees at all levels is 142. Employee-relations have been cordial. Shri. M. K. Shirude, earlier Executive Vice President, is appointed by the Board as a Wholtime Director of the Company in March 2004. He has been an employee of the Company for last 25 years.

5. Dividend:

The Board has not recommended any Dividend on both Equity Shares and Preference Shares for the financial year 2002-2003 in view of the loss.

6. Directors:

During the year, Shri. Vidyadhar M. Jog expired. He was one of the promoters of the Company and was associated with us since beginning. Shri. S. N. Talwar, Chairman, and Shri. D. N. Mungale stepped down the Board during the year. The Board places on record its appreciation of the valuable services rendered by the three Directors to the Company.

The Board has co-opted Shri. P. P. Sheth and Shri. M. K. Shirude as Directors of the Company in March 2004. Shri. M. K. Shirude has been an employee of the Company for last 25 years. He is now a Wholtime Director of the Company and designated Executive Director.

7. Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, the Board of Directors confirms:



- (i) That in preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- (ii) That the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December 2003 and of the loss of the Company for the year ended on that date;
- (iii) That proper and sufficient care has been taken for 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 annual accounts have been prepared on a going concern basis.

8. Subsidiary Company:

Pursuant to Section 212 of the Companies Act, the reports and accounts of the subsidiary company Mahakali Flyover Company Limited (MFCL) and the necessary statement are annexed.

In the previous reports the members were informed about the Andheri Flyover project of MFCL and the Public Interest Leave petition (PIL) with reference to the project.

ICICI Bank (ICICI) had filed a case in Debt Recovery Tribunal (DRT) against MFCL for recovery of bridge loan extended by them. Jog Engineering Limited was made co-defendant in this suit. Thereafter MFCL entered into consent terms with ICICI. The consent terms were filed with DRT and based on that DRT passed an Order on 11th October 2002. However, MFCL was not able to honour the consent terms since additional financial resources required could not be arranged for. Thereafter ICICI proceeded to execute recovery certificate. Vide their letter dated 6th April 2004, ICICI notified to MFCL that it has assigned and transferred all the facilities and the securities to Asset Reconstruction Company (India) Limited (ARCIL) and that MFCL may deal directly with ARCIL hereafter.

MFCL has since been in discussions with ARCIL and has submitted a proposal to ARCIL for restructuring of the project. MFCL feels that there is a possibility of the other lenders joining the restructuring package as may be approved by ARCIL.

Considering the trends prevailing in the real estate market and in view of various rights available to the Company with reference to the project, and the expected settlement with the FIs/ARCIL, the Company is of the opinion that the amounts due from MFCL are good and fully recoverable.

9. Statutory Disclosures:

There were no employees covered by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the relevant rules.

The operations of the Company do not provide any scope for conservation of energy. During the year, there was no earning in foreign exchange. An expenditure of Rs. 5.24 Lac was incurred in foreign exchange.

Pursuant to the provisions of the Listing Agreement, Management Discussion and Analysis is provided as a part of this report. A Compliance Report on Corporate Governance is annexed.

10. Auditors:

The Auditors, M/s. Joshi & Sahney, Chartered Accountants, hold office until conclusion of the ensuing Annual General Meeting and they are recommended for re-appointment by the Audit Committee.

11. Auditors' Report:

The notes to the Accounts bearing nos. 2, 3, 4(a) to 4(f), 5(a), 5(b), 6, 8, 10(a), 10(b) and 22 in Schedule 'M' referred to in the Auditors' Report and the paras in Italic font in the Auditors' Report are self explanatory and do not call for any specific response under Section 217(3) of the Companies Act, 1956.

12. Acknowledgement:

The Board places on record its appreciation of the devoted services rendered by employees at all levels. Grateful thanks are also due to our Shareholders, Customers, Bankers, Suppliers, IDBI and the Fixed Depositors for their continued support.

By Order of the Board,

MADHAV JOG
MANAGING DIRECTOR

D. K. AFZULPURKAR
DIRECTOR

Date : 14th July 2004
Place : Pune - 3

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy :

The Company's philosophy envisages transparency, accountability and professionalism in all facets of its operations. The Company believes that all its operations and actions must serve the goal of enhancing its stakeholders' values, including shareholders, customers, employees and creditors.

2. Board of Directors :

The Board of Directors of the Company at present comprises of 5 Directors including 2 non-executive independent Directors and 3 Executive Directors.

At the beginning of the financial year 2002-03 (18 months), the Company had 6 Directors. Shri. D. N. Mungale resigned from the Board in January 2003. Shri. S. N. Talwar, Chairman, resigned from the Board in March 2003. Shri. Vidyadhar M. Jog expired in May 2003. Consequently, the number of Directors was reduced to 3, including 1 non-executive independent Director and 2 executive Directors. In March 2004, the Board has co-opted 2 Directors - Shri. P. P. Sheth and Shri. M. K. Shirude. Consequently, at present the Board comprises of 5 Directors, 2 of whom are non-executive independent Directors and 3 are executive Directors. The composition of the Board meets the requirement of number of independent directors. However, the requirement of number of non-executive directors is not satisfied. The Board comprises of 2 non-executive directors as against requirement of 3 such directors. During the year, 6 Board Meetings were held on 28.9.2002, 6.12.2002, 26.2.2003, 10.4.2003, 29.4.2003 and 7.8.2003. One more meeting was required to be held by the year end 31.12.2003 which could not be held for want of quorum. The composition of the Board, number of Directorships / Committee memberships held and number of Board meetings attended are as follows :

Name and age (years)	Category	Board Meetings attended during the year	Other Directorships	Memberships in Board Committees of other companies	Attendance at last AGM
(1)	(2)	(3)	(4)	(5)	(6)
Shri. Madhav Jog, Managing Director (49)	Executive	5	2	NIL	Yes
Shri. D.K.Afzulpurkar (66)	Non-Executive, Independent	5	NIL	NIL	Yes
Shri. Rajendra Jog, Managing Director (37)	Executive	6	2	NIL	Yes
Shri. P. P. Sheth (49)	Non -Executive, Independent	-	1	NIL	
Shri. M. K. Shirude, Executive Director (48)	Executive	-	1	NIL	
Shri. S.N.Talwar (66)	Non -Executive, Independent	3			Yes
* Chairman					
Shri. D.N.Mungale (51)	Non-Executive, Independent	2			Yes
** (51)					
Shri. Vidyadhar M. Jog ***	Non-Executive, Independent	2			No

* Resigned in March 2003

** Resigned in January 2003

*** Expired in May 2003

Notes :

- Alternate Directorships, Directorships in private companies and in associations not carrying business for profit are not included.
- The Company has two Managing Directors, Shri. Madhav Jog and Shri. Rajendra Jog, with proper demarcation of responsibilities and authority. Shri. M. K. Shirude, Executive Director, is a Whole time Director w.e.f. 27th March 2004.
- Shri. P. P. Sheth and Shri. M. K. Shirude are co-opted on the Board after the end of the financial year 2002-03, in March 2004.
- Information in column no. 4 and 5 is not provided in respect of persons ceased to be Directors.

3. Audit Committee :

The Audit Committee of the Board was constituted in the year 2001, with 3 members. Shri. D. N. Mungale, a member of the committee,

resigned in January 2003. Another member Shri. Vidyadhar M. Jog expired in May 2003 and the committee was left with one member. Therefore, Shri. Madhav Jog, Managing Director, and Shri. P. P. Sheth, a non-executive Director, are appointed on the Committee. During the year, 2 meetings of the Committee were held as against at least 3 meetings required. Shri. D. K. Afzulpurkar (Chairman of the Committee) and Shri. D. N. Mungale attended one meeting each and Shri. Vidyadhar M. Jog attended both the meetings. Further, the statutory Auditor, Corporate Advisor, Company Secretary, Vice President (Finance) also attended the meeting/s. More meetings could not be held for want of quorum and adequate Agenda for the meetings.

The terms of reference and the role of the Committee are as specified in clause no. 49 of the Listing Agreement and the provisions of the Companies Act.

The members of the Committee on the date of the Directors' Report are: Shri. D. K. Afzulpurkar (Chairman), Shri. P. P. Sheth and Shri. Madhav Jog.

The constitution of the Committee could not be maintained as required by the Listing Agreement due to reduction in the number of Directors and not getting appropriate number of persons on the Board. The listing agreement requires at least 3 members on the Committee and that all shall be non-executive Directors. This requirement is not satisfied. The Committee has 3 members with 2 non-executive Directors and one managing director. The composition of the Committee, however, satisfies the provision of the Companies Act.

4. Remuneration Policy :

The remuneration of the Whole time/ Managing Directors and the non-executive Directors is approved by the Board of Directors and the shareholders. The Commission for all the Directors within the limits approved by the shareholders is determined by the Board. Hence no separate remuneration committee is constituted. The Whole time/Managing Directors are paid by way of salary, perquisites and commission pursuant to their agreements with the Company. Non-executive Directors are paid by way of commission based on the net profit of the Company. Besides, they are paid sitting fee at Rs. 2000/- and out of pocket expenses for each Board / Committee meeting attended.

Details of remuneration paid / provided towards Directors' remuneration for 18 months are as follows:-

Name	Salary (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Shri. Madhav Jog	4,50,000	3,25,000	---	---	7,75,000
Shri. Rajendra Jog	4,50,000	4,24,000	---	---	8,74,000
Shri.D.K.Afzulpurkar	---	---	---	12,000	12,000
Shri. Vidyadhar M. Jog **	---	---	---	8,000	8,000
Shri. S. N. Talwar *	---	---	---	8,500	8,500
Shri.D.N.Mungale *	---	---	---	7,500	7,500

Notes :

- The service contracts of the Managing Directors are for 5 years each, terminable with 6 months' notice by either party, and with no severance fee.
- The Company does not have an Employees' Stock Option Scheme.
- * Shri. S. N. Talwar resigned in March 2003. Shri. D. N. Mungale resigned in January 2003.
** Shri. Vidyadhar M. Jog expired in May 2003.

5. Investors' Grievance Committee :

The Shareholders' / Investors' Grievance Committee was constituted by the Board in August 2001 with 2 members. However, one member resigned from the Board in January 2003 and the other member expired in May 2003. Consequently the Committee did not exist. The Committee is reconstituted recently in March 2004. Shri. P. P. Sheth is the Chairman and Shri. M. K. Shirude is the other member. The role of the Committee is to review investors' grievances and redressal mechanism and recommend measures to improve the level of investor services. Shri. A. V. Vasantgadkar, Company Secretary, is the compliance officer. Shareholders' complaints are not pending with the Company on the date of this report. Certain complaints were received for duplicate Annual Report / dividend not received. Those have been resolved. No share transfers are pending for more than 30 days.



ENGINEERING LIMITED

**6. General Body Meetings :**

Last 3 Annual General Meetings were held as follows :

Financial Year	Date	Time	Venue
1999-2000	9.12.2000	12.00 noon	Mahratta Chamber of Commerce, Pune - 2
2000-2001	3.11.2001	12.00 noon	Mahratta Chamber of Commerce, Pune- 2
2001-2002	6.12.2002	12.00 noon	Mahratta Chamber of Commerce, Pune - 2

No special resolutions were required to be put through postal ballot last year and there is no such proposal at the next Annual General Meeting.

7. Disclosures :

During the year, there were no transactions of materially significant nature with related parties (directors and their relatives, subsidiary company, promoters) that may have potential conflict with the interest of the Company at large.

At times, the quarterly financial results were submitted to the stock exchanges after the stipulated period and hence they expressed their displeasure thereat. Apart from that no penalties/strictures have been imposed on the Company during last 3 years by Securities and Exchange Board of India, Stock Exchanges or any statutory authority on any matter related to capital markets.

8. Means of communication :

The Company published its quarterly and half-yearly results in the prescribed form except for the quarter ended 30.9.2003. The results were furnished to the Stock Exchanges at Pune and Mumbai and were published in Financial Express, Indian Express, Lok Sabha and Lokmat. The Company has not made any presentations to any Institutional investors / Analysts during the year. The financial results are displayed on EDIFAR site of SEBI www.sebi.gov.in.

Management Discussion and Analysis forms a part of the annual report and that is provided in the Directors' Report.

9. General Shareholder Information :**a) Annual General Meeting :**

The ensuing Annual General meeting is proposed to be held on 31st August 2004 at Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Pune - 411 002, at 12.00 noon.

b) Financial Calendar - 2004 :

Financial Year	---	1st January 2004
		to 31st December 2004
Half yearly financial results to be approved by the Board	---	By end of August 2004(*)
Audited results for the year ending on 31st December 2004 to be approved by the Board	---	By end of March 2005 (*)

[(*) Provisional dates]

c) Dates of Book Closure :

28th August 2004 to 31st August 2004 (Both days inclusive).

d) Dividend payment date :

The Directors have not recommended any Dividend on shares for the financial year 2002-2003.

e) Listing on Stock Exchanges :

Equity Shares of the Company are listed on Stock Exchanges at Pune and Mumbai.

f) Stock Code :

The Stock Exchange, Mumbai	: 507942
Pune Stock Exchange Ltd.	: 507942

g) Market price data :

Monthly high and low prices of the Equity Shares at Stock Exchange, Mumbai, during the financial year 2002-2003 were as follows :

Month	High (Rs.)	Low (Rs.)
July 2002	19.20	12.10
August 2002	14.50	10.05
September 2002	13.50	9.60
October 2002	10.10	8.20
November 2002	9.90	7.00
December 2002	9.70	8.00
January 2003	9.75	7.10
February 2003	8.80	7.25
March 2003	7.60	4.75
April 2003	7.65	4.85
May 2003	9.45	6.00

June 2003	9.50	7.00
July 2003	13.85	7.61
August 2003	13.29	9.71
September 2003	10.90	6.84
October 2003	7.58	5.78
November 2003	8.49	6.05
December 2003	15.00	7.31

The relevant graph is provided herein after.

h) Registrar and Share Transfer Agents :

The Company has not appointed any Registrar or Share Transfer Agents for the purpose of share transfers. The share transfer work is carried on at the Registered Office of the Company at 'Jog Center', 28/1, Wakdewadi, Mumbai-Pune Road, Pune - 411 003, in respect of shares held in physical form.

i) Share Transfer System :

Depending upon the number of share transfers received, the transfer of shares in physical form is processed and approved generally fortnightly or monthly by the Share Committee or the Board. The share certificates are returned to the transferees within 30 days from the date of receipt, subject to transfer documents being in order.

j) Distribution of Shareholding :

Distribution of Equity Shareholding as on 31st December 2003 is provided below:

No. of Shares	No. of Shareholders	%	Shareholding	%
Upto 500	5,149	88.90	10.48 Lac	12.25
501 - 1000	377	6.51	2.89 Lac	3.41
1001 - 2000	139	2.40	2.12 Lac	2.50
2001 - 3000	36	0.62	0.93 Lac	1.09
3001 - 5000	26	0.45	0.99 Lac	1.16
5001 - 10000	30	0.52	2.06 Lac	2.43
10001- and above	35	0.60	65.53 Lac	77.16
Total	5,792	100	85.00 Lac	100

Categorywise distribution of Equity shareholding as on 31st December 2003 is provided below :

Category	No. of Shares	%
Promoters	52,11,531	61.31
Banks, Financial Institutions, Mutual Funds	60,114	0.71
Private Corporate Bodies	2,36,767	2.78
General Public	29,91,588	35.20
Total	85,00,000	100

k) Dematerialisation of Shares :

As on 31st December 2003, 50.87 lac Equity Shares being 59.85% of the Company's total Equity Shares were held in dematerialised form.

The ISIN of the Equity Shares is : INE 941 A 01017.

l) Outstanding GDRs/ADRs/Warrants :

There are no outstanding GDRs / ADRs / Warrants or any convertible instruments as on 31st December 2003.

m) Plant Locations :

The Company has no manufacturing plants as such.

n) Address for correspondence :

Shareholders' correspondence for loss of share certificates, non-receipt of Annual Report / Dividend Warrants or revalidation of Dividend Warrants should be addressed to the Registered Office of the Company at:

'JOG CENTER', 28/1, Wakdewadi,
Mumbai-Pune Road, Pune - 411 003

However, shareholders holding shares in dematerialised form shall address relevant correspondence to their Depository Participants (DPs).

o) Non-mandatory requirements:

The Company at present has not adopted the non-mandatory requirements of maintenance of Non-Executive Chairman's office, constitution of a Remuneration Committee, forwarding of half-yearly performance reports to the house-hold of each shareholder, invoking of the postal ballot system etc.