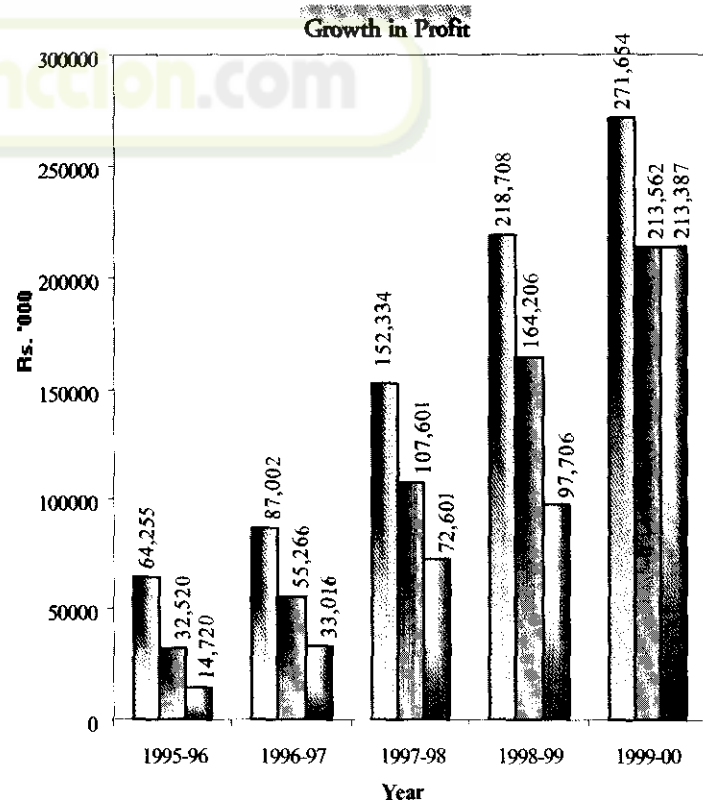
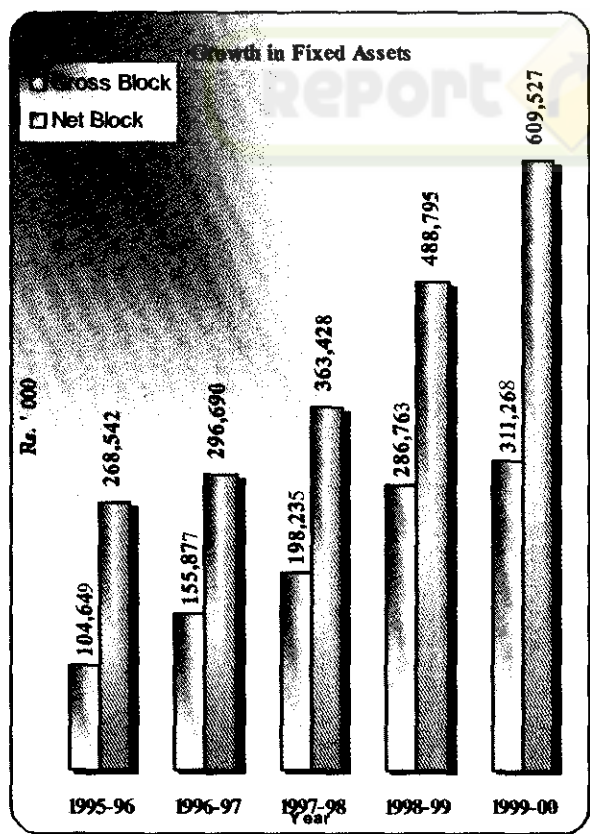
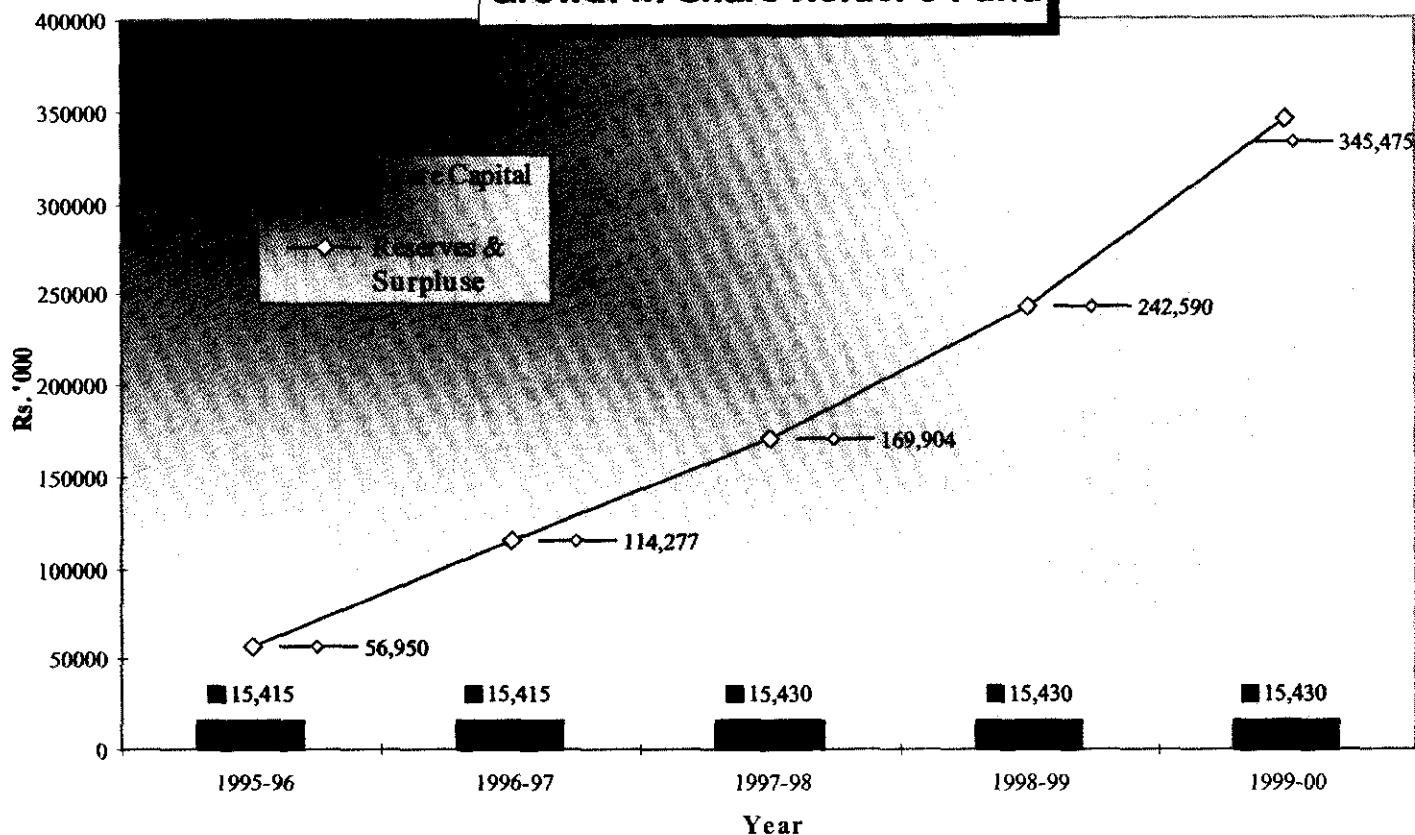




**PATEL ENGINEERING LIMITED**

12/8/17

### Growth in Share Holder's Fund



Front Cover : 4 Lane Flyover Bridge of Length 1.8 Km at Ring Road Surat

**Managing Director's Overview****Dear Friends,**

In 1949, a group of five entrepreneurs with a capital of base of Rs. 2,50,000. (USD 5,814) started the Company with a vision to provide quality and timely engineered construction contracting to participate in the nation's infrastructure development needs. Implicit faith in its people and desire for social improvement is continued and is now the culture, a strong bond amongst the Company personnel.

Your Company has been assigned 4A 3 (best) rating by the World renowned Dun & Bradstreet with 16 times the market's capitalization and is recognized as one of the leading construction Companies with a global presence.

Your Company had also been ranked amongst the top ten Dividend paying Companies on the Bombay Stock Exchange, and the market price per share till date, is the highest in the contracting industry.

Over its 50 years of existence, the Company has carved out a niche in tunnelling and underground works for hydro electric and transport projects. The Company's performance and achievements have been globally recognized.

The acquisition of ASI-RCC Inc, USA has furthered the company's goal of participating in infrastructure development globally. This has enabled the Company's ability to compete in the advanced and high tech turnkey construction in hydropower development areas.

The details of the consolidated financial results for the year are as follows :-

Revenues	US\$	70.94 Mn
	INR	3092.98 Mn
Profit after tax	US\$	3.52 Mn
	INR	153.47 Mn

The Board has declared a total dividend of 250%.

This year also the Company has compiled and audited its accounts as per Generally Accepted Accounting Principles (U.S., GAAP), as elsewhere in the world for transparency and clarity.

The order books of subsidiary ASI RCC are at its peak and the Company is expected to perform exceptionally well this year under the guidance of the Company's Office in Denver, U.S.A.

The Company has also achieved a break-through in highways and road projects with one project already under execution and orders for other are awaited.

Ongoing projects are progressing as per schedule with healthy client and industrial relations. The order book remains healthy with addition of new contracts.

New tender bids worth more than Rs.5,000 mn were submitted. Your Company is favorably positioned in some of these. Bidding on international projects are under way and opportunities in other parts of the world are also being pursued.

Government's emphatic boost to infrastructure development, specially in transport sector provides more opportunities in the coming years. Company's growing global presence also brings in added opportunities.

I record here my appreciation of contribution and support of everyone in and outside the Company.

Mumbai - 400 102  
July 27, 2000

**Rupen Patel**  
**Managing Director**

## PATEL ENGINEERING LIMITED

<b>Board of Directors</b>	:	Shri Pravin Patel	Chairman
		Shri Rupen Patel	Managing Director
		Shri Shamit Majmudar	Director
		Shri Rohit Patel	Director
		Ms. Silloo Patel	Whole Time Director
		Ms. Sonal Patel	Whole Time Director
		Shri Nimish Patel	Whole Time Director
		Shri Dinesh V. Patel	Director
		Shri Rajat R. Patel	Director

<b>Executive Team</b>	:	Shri S.K. Desai	President
		Shri B. S. Reddy	Sr. Vice President
		Shri V. R. Dhedhi	Vice President
		Shri A. D. Pandya	Vice President

<b>Bankers</b>	:	Dena Bank (I. F. Branch)
		Union Bank of India
		State Bank of India

<b>Auditors</b>	:	Messrs. Vatsaraj & Co.
		Chartered Accountants
		Mumbai - 400 023.

<b>Registered Office</b>	:	Patel Estate,
		Jogeshwari (W),
		Mumbai - 400 102.



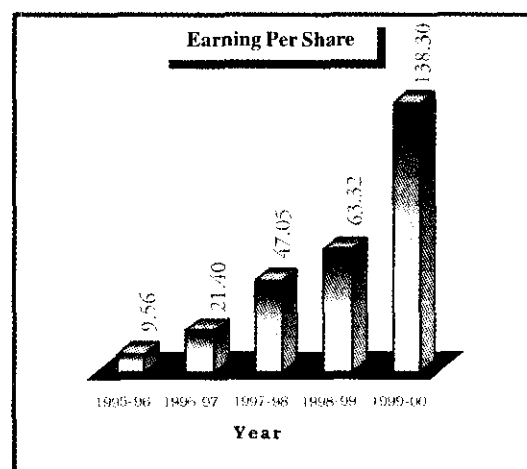
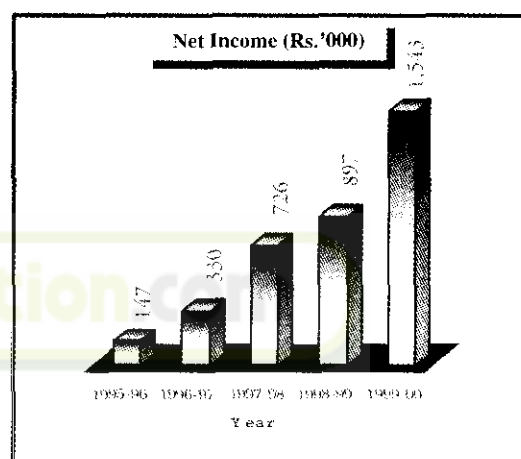
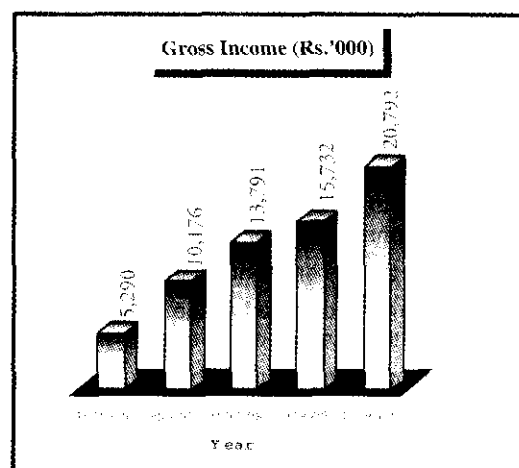
## STATUTORY STATEMENTS

- During the year under review, company has continued not to accept public deposits.
- Mr. Rajat Patel and Ms. Sonal Patel, the Directors of the company, retire by rotation and being eligible, offer themselves for reappointment.
- Any shareholder interested in obtaining particulars of the employee's under Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 may write to the registered office of the company.
- The company does not have any manufacturing activities. Hence, conservation of energy statement does not apply.
- Continuous up gradation of personnel, technical and management skills has been by attending seminars, work shops and project visits in India and abroad.
- This year your company has earned Rs. 868,430'000 in foreign exchange while the expenditure in foreign exchange has been Rs. 11,085'000.
- Though the company has no machinery / process controls, which would have been affected by Y2K problems, the measures taken by company in changing and modification of software in other areas were successful and there is no further financial impact due to Y2K.
- The auditors report with notes is self-explanatory.
- M/s Vatsaraj & Co., auditors of the company retire and eligible for reappointment.

On behalf of the Board

Mumbai  
5th May, 2000,

**RUPEN PATEL**  
Managing Director



**PATEL ENGINEERING LTD.****AUDITOR'S REPORT**

To: **The Members of Patel Engineering Limited**

We have audited the attached Balance Sheet of Patel Engineering Limited as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that :-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms to Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph (1) above, we state that:
  - (a) *We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of the audit;*
  - (b) *In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination, subject to, non-accounting of share of profit or loss from Joint Ventures and Partnership Firm on accrual basis, having consequential effect on the profit/loss and advances, (refer Note No.14 of Schedule 20) and contra accounting of turnover, stores consumption and machinery hire charges in the profit/loss account, (refer Note. No.12, Schedule 0). The Profit and Loss Account and Balance Sheet comply with the Accounting Standards (subject to Note No.14 in Schedule 20) referred to in Sub-section 3C of Section 211 of the Companies Act 1956.*
  - (c) *During the year, balance in the unpaid dividend account, was utilized by the Company, contravening Section 205A of the Companies Act, 1956, refer note no.11.*
  - (d) *The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts of the Company;*
  - (e) *In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes in Schedule 20 and subject to our observation in Para 2(b) above, give a true and fair view;*
    - (i) *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2000; and*
    - (ii) *in the case of the profit and loss account, of the profit of the Company for the year ended on that date.*



**For VATSARAJ & Co.**  
Chartered Accountants

Mumbai  
Dated.: 5th May, 2000

**B. K. VATSARAJ**  
Partner

**ANNEXURE TO AUDITORS' REPORT**

The Annexure referred to in paragraph 1 of the report of the auditors to the members of Patel Engineering Ltd. on the accounts for the year ended 31st March, 2000, we report that :-

**INTERNAL CONTROLS:**

1. *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 for the purchase of stores, plant and machinery, equipment and other assets. The Company does not have any sale of goods.*
2. *In our opinion, in respect of the activities of the company, it has,*
  - (a) *A reasonable system of recording receipts, issues and consumption of materials and stores commensurate with its size and nature of its business. This provides for a reasonable allocation of the material and man hours consumed to the relative jobs.*
  - (b) *A reasonable system of authorization at proper level, with necessary control on the issue of stores and allocation of stores and labour to jobs and the system of internal control is considered commensurate with the size of the Company and nature of its business.*
3. *In our opinion the company has an adequate internal audit system commensurate with its size and nature of its business.*

**FIXED ASSETS:**

4. *The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We have been informed that the fixed assets including assets of the Company purchased in the name of Directors and their relatives and employees have been physically verified at reasonable intervals by the management and no material discrepancies have been noticed on such verifications.*
5. *The fixed assets have not been revalued during the year.*

**INVENTORIES:**

6. The Company is a Construction Company having work sites spread all over India as well as overseas and we are informed that physical verification at respective sites have been conducted by the Management at the year end in respect of stock of stores and materials.
7. In our opinion and on the basis of information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
8. We have been informed by the Management that the discrepancies between the physical and book inventories were not material and these have been properly dealt with in the financial statements.
9. The stock of inventories and work in progress are taken into account as certified by the Management and relied upon by us. However, we are informed that the valuation of stocks has been done properly in accordance with normally accepted accounting principles and on the same basis as in the previous year.
10. As informed to us, the Company did not have any damaged or unserviceable stores during the year.
11. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. As explained to us, the Company's operations do not generate any by-products.
12. Central Government has not prescribed the maintenance of the cost records under section 209 (1) (d) of the Companies Act, 1956.

**LOANS & ADVANCES:**

13. The Company has not taken unsecured loans from parties listed in the Register maintained under Section 30 of the Companies Act, 1956 and Companies under the same Management as defined under Section 370 (1B) of the Companies Act, 1956.
14. The Company has not granted any unsecured loans to parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and Companies under the same Management as defined under Section 370(1B) of the Companies Act, 1956.
15. The employees to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest, where applicable.

**RELATED PARTIES:**

16. The Company has not entered into any transaction of purchase or sale of goods and services in pursuance of contract or arrangement entered in the register u/s 301 of the Companies Act, 1956 aggregating during the year to Rs.50,000 or more in respect of each party.

**FIXED DEPOSITS:**

17. The Company has not taken deposits from public within the meaning of Section 58A of Companies Act 1956 read together with the Companies (Acceptance of Deposits) Rules, 1975

**STATUTORY LIABILITY:**

18. As explained to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs and Excise duty except for Wealth Tax Rs.350,000 which are outstanding as on 31st March, 2000 for period of more than six months from the date they became payable.
19. The Company is regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.

**OTHERS:**

20. According to the information and explanations given to us no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
21. The Company is not a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section 3 of Sick Industrial Companies (Special provisions ) Act, 1985.

**For VATSARAJ & Co.**  
Chartered Accountants

Mumbai  
Dated.: 5th May, 2000

**B. K. VATSARAJ**  
Partner

**PATEL ENGINEERING LTD.**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000.**

	<b>SCHEDULE</b>	<b>1999 - 2000 Rupees</b>	<b>1998-99 Rupees</b>
<b>INCOME</b>			
Turnover	1	2,079,176,765	1,573,241,459
<b>EXPENDITURE</b>			
Materials / Construction Cost	2	1,608,528,057	1,171,535,977
Employee Costs	3	73,874,051	70,082,187
Other Expenses	4	125,121,006	112,915,776
Interest Cost	5	11,455,772	16,825,746
Depreciation		46,636,019	37,675,702
Total Expenditure		1,865,614,905	1,409,035,388
<b>Profit before Taxation and Extraordinary Items</b>		213,561,860	164,206,071
Provision for Taxation		175,000	66,500,000
<b>Profit after Taxation before Extra Ordinary Items</b>		213,386,860	97,706,071
Less: Depreciation of Earlier Years		59,043,944	-
Less: Provision of Retirement Benefits		-	8,047,118
<b>NET PROFIT FOR THE YEAR</b>		154,342,916	89,658,953
Add: Transfer from Reserve for Taxation		6,200,000	-
Less: Taxation adjustment of previous years (Net)		8,284,575	-
Balance brought forward from previous year		4,758,881	14,573,038
<b>Profit available for appropriation</b>		157,017,222	104,231,991
<b>Appropriations :-</b>			
Proposed Dividend : Interim		35,489,230	7,715,050
Final		3,086,020	7,715,050
Corporate Dividend Tax		4,598,169	1,543,010
Transfer to Housing Project Reserve		60,000,000	20,000,000
Transfer to General Reserve		50,000,000	62,500,000
		153,173,419	99,473,110
<b>Surplus Carried to Balance Sheet</b>		3,843,803	4,758,881

Notes on Accounts : Schedule '20'

As per our attached Report of even date

**for VATSARAJ & Co.**  
Chartered Accountants

**RUPEN PATEL**

Managing Director

**B.K.VATSARAJ**  
Partner

**SILLOO PATEL**

Director

**NIMISH PATEL**

Director

Mumbai,  
Dated 5th May,2000.



## BALANCE SHEET AS AT 31ST MARCH,2000.

	SCHEDULE	1999 -2000 Rupees	1998-1999 Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	6	15,430,100	15,430,100
Reserves & Surplus	7	345,474,892	242,589,970
		<u>360,904,992</u>	<u>258,020,070</u>
<b>LOANS FUNDS</b>			
Secured Loans	8	56,585,585	70,801,216
Unsecured Loans	9	60,929,727	9,267,617
<b>CONTRACTEE ADVANCES</b>	10	<b>119,300,049</b>	<b>97,570,180</b>
<b>TOTAL FUNDS EMPLOYED</b>		<b><u>597,720,353</u></b>	<b><u>435,659,083</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	11	609,526,772	488,795,312
Less: Depreciation		<u>298,258,706</u>	<u>202,031,848</u>
<b>NET BLOCK</b>		<b>311,268,066</b>	<b>286,763,463</b>
<b>INVESTMENTS</b>	12	<b>119,116,704</b>	<b>141,833,675</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	13	41,972,703	22,053,120
Sundry Debtors	14	25,445,886	220,800,426
Cash & Bank Balances	15	408,181,846	56,540,400
Other Current Assets	16	1,202,760	1,118,271
Loans & Advances	17	202,642,540	78,304,019
<b>Total Current Assets , Loans &amp; Advances</b>		<b><u>679,445,735</u></b>	<b><u>378,816,236</u></b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	18	507,177,484	362,210,156
Provisions	19	<u>4,932,668</u>	<u>9,544,136</u>
<b>Total Current Liabilities &amp; Provisions</b>		<b><u>512,110,152</u></b>	<b><u>371,754,292</u></b>
<b>NET CURRENT ASSETS</b>		<b>167,335,583</b>	<b>7,061,945</b>
<b>TOTAL APPLICATION OF FUNDS</b>		<b><u>597,720,353</u></b>	<b><u>435,659,083</u></b>

Notes on Accounts : Schedule '20'

As per our attached Report of even date

for **VATSARAJ & Co.**  
Chartered Accountants**RUPEN PATEL**

Managing Director

**SILLOO PATEL**

Director

**B.K.VATSARAJ**  
Partner**NIMISH PATEL**

Director

Mumbai,  
Dated 5th May,2000.

PATEL ENGINEERING LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2000

	1999 - 2000 Rupees	1998-99 Rupees
<b>1 TURNOVER</b>		
<b>CONSTRUCTION</b>		
Construction Receipts	1,987,728,469	1,575,142,796
Add: Increase/(Decrease) in Work in Progress	15,901,157	(32,596,138)
Contractual Service Income	1,060,714	-
	<b>2,004,690,340</b>	<b>1,542,546,658</b>
<b>OTHER INCOME</b>		
Share of Profit in Joint Venture with Sai Valley Resorts Pvt.Ltd.(Unaudited)	225,000	225,000
Share of Profit in Partnership firm - Sky Build Enterprises (Audited)	85,788	258,781
Dividend on Shares	-	50,217
Profit on sale of Assets	19,746,691	-
Lease & Service Charges (T D S Rs.5812 '000 , P.Y.Rs.4186 '000)	26,708,843	21,204,941
Excess credit written back	5,798,971	1,581,247
Miscellaneous Income *	4,998,307	1,103,486
Machinery Hire charges	635,862	-
Interest Received from:		
Bank	8,336,021	6,235,118
Partnership Firm	7,834,421	-
Others	116,521	36,011
	<b>74,486,425</b>	<b>30,694,801</b>
<b>Total Turnover</b>	<b>2,079,176,765</b>	<b>1,573,241,459</b>
* Includes Rs.2828 '000 towards sale of scrap (P.Y. Rs.309 '000) & Rs. 1730'000 ( net) towards difference due to exchange rate fluctuation (P.Y. Rs.Nil).		
<b>2 MATERIALS / CONSTRUCTION COST</b>		
Stores & Spares Consumed	568,063,734	510,745,574
Piece Workers Wages & Labour Charges	813,559,993	427,443,459
Repairs to Machinery *	37,512,065	44,657,670
Machinery Hire Charges	162,415,479	158,457,800
Power,Electricity,Water Charges	14,490,339	19,184,561
Freight, Octroi, Transport Charges	12,486,447	11,046,913
	<b>1,608,528,057</b>	<b>1,171,535,977</b>
* Exclusive of amounts charged to other revenue account		
<b>3 EMPLOYEE COST</b>		
Salaries,Wages,Gratuity,Bonus etc.	60,071,837	54,009,805
Contribution to Provident fund and other fund	2,946,230	3,151,305
Workmen and staff Welfare Expenses	10,855,984	12,921,077
	<b>73,874,051</b>	<b>70,082,187</b>