

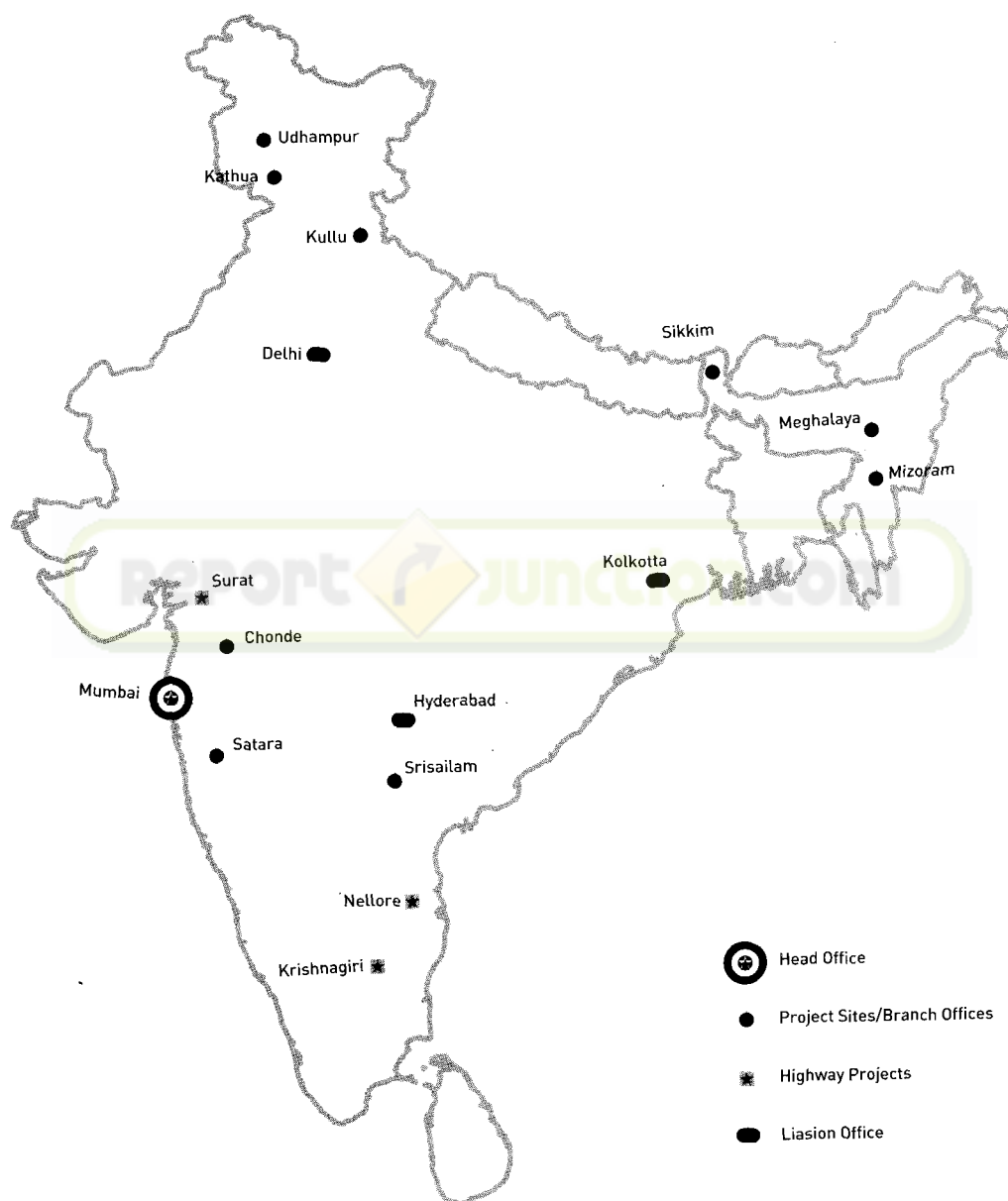
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2003

**PATEL Engineering** Ltd.

Annual Report

LOCATIONS OF OFFICES &  
PROJECTS BEING EXECUTED  
BY PATEL ENGINEERING LTD.





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# Management Discussions & Analysis

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Dear Shareholder,

The performance of your company for the year under report has registered an improvement over the previous year and the Management foresee a still better performance to come. This is a hallmark of your company - to excel beyond expectations. Our global business turnover keeps its momentum. It has accelerated to touch all time high. The year has witnessed completion of projects such as, the successful diversion of Teesta river in Sikkim, two railway tunnels No. 4 & 5 in Udhampur and Hosur highway in Southern India.

Inspite of fierce competition from national & international companies on Globally competitive Bids, competitive tendering and aggressive marketing strategy has resulted in the award of new projects worth over Rs. 400.00 crores. Orders on hand for execution as of 31<sup>st</sup> March 2003 is around Rs.1500 Cr.

With a view of maintaining profits the competitive environment, various cost cutting efforts were put on for implementation during this year. We are now focusing on improving the efficiency of project implementation by introducing VE (Value Engineering), expanding our internet based ERP System, and Technological Development leading to reductions in construction costs. These efforts will be combined with stepped-up efforts to slash fixed costs by improving administrative efficiency through further in-house computerized Net.work.

The work in each field of endeavour complements and enriches our efforts in all areas. As an experienced contractor and developer, we are able to provide our clients with the highest quality of construction in the most economic way. Given the wide scope of our activities and the technical difficulties often encountered in our projects, we have established an enviable reputation for technological expertise and innovation. With our current size we can effectively compete in terms of expertise, capability with most national and international companies to execute Hydro Power Projects any where in the world.

We constantly strive to upgrade not only our products and services, but also our internal controls. As a result of these efforts, we have renewed our ISO 9001 accreditation. Throughout our organization, the application of a sound management system emphasizes Teamwork, while allowing a high degree of individual autonomy. The results are higher efficiency and greater quality control.

We go to extraordinary lengths to nurture and care for our most valuable resource-"our PEOPLE". Career plans are designed with departmental and individual needs in mind. Training courses are provided, both locally and internationally, to enhance general and technical knowledge and to enable all employees to develop a wide range of capabilities. Beyond the corporate milestone in its first half a century of existence, we now enter a new millennium well positioned to meet every challenge. We adhere to strict code of business ethics and strive for engineering excellence and human innovation. With this I can promise you to uphold and promote professionalism, human innovation, and quality standards to support our future growth and become an international enterprise that provides people with high quality, safe and comfortable living space.

We shall create new engineering concepts and strive for development in the international construction industry, continue to maximize our contributions and serve people through our work

for and on behalf of Board of Directors

Rupen Patel  
Managing Director

Place: Mumbai  
Date: July 14, 2003







# Directors' Report

Dear Members

Your Directors have pleasure in presenting their Fifty Fourth Annual Report together with the Audited Statements of Accounts of your Company for the year ended March 31, 2003.

The Financial highlights of the operations are given below:

Particulars	Year Ended March 2003	Year Ended March 2002	(Rs. in lacs) % change +/-
Revenue from construction	31234	24373	+ 28.15
Other Income	1343	1382	- 2.82
Less: Share of turnover in Joint Venture	4515	633	+ 613.27
<b>Total Income</b>	<b>28062</b>	<b>25122</b>	<b>+ 11.70</b>
Total Expenditure	25704	22596	+ 13.75
<b>EBTA</b>	<b>2358</b>	<b>2525</b>	<b>- 6.61</b>
Provision for taxation	568	955	- 40.52
<b>Net Profit</b>	<b>1799</b>	<b>1570</b>	<b>+ 14.59</b>
Balance of profit brought from previous year	381	116	+ 228.45
Appropriation	1987	1306	+ 52.14
Surplus carried forward to next year	193	381	- 49.34

During the year under review your company has further consolidated its operations. There is an impressive growth of net revenue of 28.15% while the expenses was kept at an increase of 13.75% and the profit available for appropriation rose to 29.30%.

Your Directors are pleased to recommend a Dividend of 100% (Rs.5.00 each per share for the year under report.

As required under Section 212 of the Companies Act, 1956, the Audited statements of Accounts of the subsidiaries are enclosed herewith.

**Conservation:** Since the company is not having the kind of manufacturing activities, the statement on the above is not furnished.  
**Foreign Exchange:** The information on foreign exchange earnings and outgo is furnished in Schedule 20 - Notes forming part of Balance Sheet and Profit & Loss Account.

Industrial Relations at all the sites, throughout the year is good and cordial.

The Board of Directors confirms, pursuant to the provisions under Section 217 (2AA) of the Companies Act 1956 that in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure; that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2003 and the profit and loss account of the company for the year ended on that date; that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; that the Annual Accounts have been prepared on a going concern basis; that none of the Directors is disqualified from being appointed u/s 274 (1)(g) of the Act.

With regard to item no. 2(f) in the Report of the Auditors, your Directors wish to state that it has been dealt with in the Corporate Governance Report.

**Fixed Deposit:** The Company did not accept any fixed deposit during the year under report also.

Sri S. K. Desai, President of your company has been appointed as a Whole Time Director and Ms. Sonal Patel has been reappointed as a Whole Time Director. Similarly Sri Rajat Patel, Sri Pravin Patel and Sri Rupen Patel are the Directors retire by rotation and being eligible offer themselves for reappointment. Necessary details of their appointments/reappointments are given in the report on Corporate Governance except that of Sri S.K. Desai, as it was the development subsequent to the adoption of accounts.

**Auditors:** M/s. Vatsaraj & Co. the Auditors are retiring at the conclusion of this General Meeting and are eligible for reappointment.

**Corporate Governance:** A detailed report on Corporate Governance and the Certificate of Auditors thereon is annexed to this report.

Your Directors would like to place on record their appreciation of the contribution made by employees at all levels, who, through their competence, hard work, solidarity, cooperation, support and commitment have enabled the company to achieve the growth. Your Directors also acknowledge with thanks the continued support and valuable cooperation extended by the business constituents, investors, vendors, bankers, financial institutions and shareholders of the Company. Your Directors express their gratitude to the Central and State Governments too, for their cordial and hearty cooperation.

for and on behalf of Board of Directors

Rupen Patel  
Managing Director

Place: Mumbai  
Date: August 26, 2003


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# Corporate Governance

**The Company strongly believes that transparency, accountability and professionalism in all facets of its operations will enhance the shareholders' long-term value. The Company is aimed to practice on efficient conduct of its business and thus consistently improving, transparency and thus lay uncompromising emphasis on integrity on regulatory compliance.**

Your company's affairs are controlled by the Managing Director under the supervision and control of Board of the Directors who are all guided by the Chairman Sri Pravin Patel. The company has also appointed a Chief Operating Officer who looks after and managing the subsidiaries at overseas. The Board comprises ten members including an Alternate Director. Sri Rupen Patel, the Managing Director, is responsible for over all management, Ms. Silloo Patel (WTD) in respect of Finance, Administration, Materials Management and Branch control, Ms. Sonal Patel (COO) in respect of overseas subsidiaries and their operations and Sri Nimish Patel (WTD) in respect of Project Execution, Manpower planning and management and so on. There are six non-executive Directors, out of which Sri Danish Merchant is Alternate Director. The Board's role, functions, responsibility and accountability are conforming to provisions of the Companies Act and as per the listing agreement coupled with SEBI guidelines.



The Meetings of the Board of Directors are normally be chaired by Mr. Pravin Patel and in his absence by Mr. Rupen Patel, Managing Director, on consent. During the year under review, meetings were held on 30.04.02, 28.06.02, 31.07.02, 09.08.02, 02.09.02, 27.09.02, 28.10.02, 29.11.02, 01.01.03, 31.01.03 and on 31.03.03. The attendance of each Director at the Board Meetings and at the last AGM is given below:

Name of Directors	No. of Board Meetings	Attendance at the AGM Attended	No. of other Companies where holds Directorship*	No. of membership of Board Committees	No. of Chairmanship of Board Committees
Sri Pravin Patel	11	Yes	7 @	2	1
Sri Rohit Patel	11	Yes	3	3	1
Ms. Silloo Patel	10	Yes	3	-	-
Sri Nimish Patel	05	Yes	-	-	-
Sri Dinesh V. Patel	10	No	1	1	-
Sri Rajat R. Patel	09	Yes	-	-	-
Sri Srichand Shroff	09	Yes	-	2	1
Sri Danish Merchant	02	No	2	-	-
Sri Rupen Patel	10	No	6	-	-
Ms. Sonal Patel	02	No	3 @	-	-

@ includes one OCB

\* including Private Limited Company

**Directors with materially or pecuniary business relationship with the Company.**

There has been no material or pecuniary transaction or relationships between the Company and its directors.

**II. Audit Committee** This Committee reviews the accounting policies, reports of Auditors and oversees the internal control systems and recommends for payment of Dividends. This Committee constitutes with the following members.

Mr. Srichand Shroff	Chairman
Mr. Pravin Patel	Member
Mr. Rohit Patel	Member

The Committee met three times during the financial year to carry out its business. The reports and recommendations to the Board for overall improvement in the functioning of the Company were taken on record. The attendance of each member of the Committee is given below: Mr. V. R. Dhedhi, Vice President of the Company coordinates the meetings on the invitation of the Chairman.

Name of the Director	No. of Meetings attended
Sri Srichand Shroff Chairman	3
Sri Pravin Patel, Member	3
Sri Rohit Patel, Member	3
Sri Dinesh Patel, Member	1 *
Sri V. R. Dhedhi, Permanent Invitee	3

(\* Ceased to be a member upon induction of Sri Srichand Shroff)

**III. Remuneration Committee** This Committee was constituted in July 2002. During the year under review they met thrice and rendered their views/opinions and recommendations for granting increment, promotion etc. both to Senior Managers and to the Directors as well. Following are the members of the constituted committee.

Name of Directors	No. of meetings Attended
Sri Pravin Patel Chairman	3
Sri Srichand M. Shroff Member	3
Sri Rohit Patel Member	3

During the financial year ended on 31<sup>st</sup> March 2003, this Committee met three times to discuss and recommend the remuneration payable to Senior Managers and Directors.



**IV. Investors/Shareholders Grievances Committee** This Committee was reconstituted effective August 2002 and they met seven times thereafter to consider the matters relating to shares transfer, dividend payment and complaints from investors. Following are the details of their attendance.

Name of the Director		No of meetings attended
Sri Rohit Patel	Chairman	7
Ms. Silloo Patel	Member	7
Sri Dinesh V. Patel	Member	7

Shri R. Subramanyam, General Manager (Corporate Affairs) is continued to co-opt as its Secretary and Compliance Officer. The Committee looked into investors/shareholders complaints on non-receipt of Balance Sheet, dividends and bonus shares etc. The Committee has also addressed in details on two complaints lodged by the shareholders by thoroughly investigating the same and reported to the Stock Exchange. The Committee meets normally once a month.