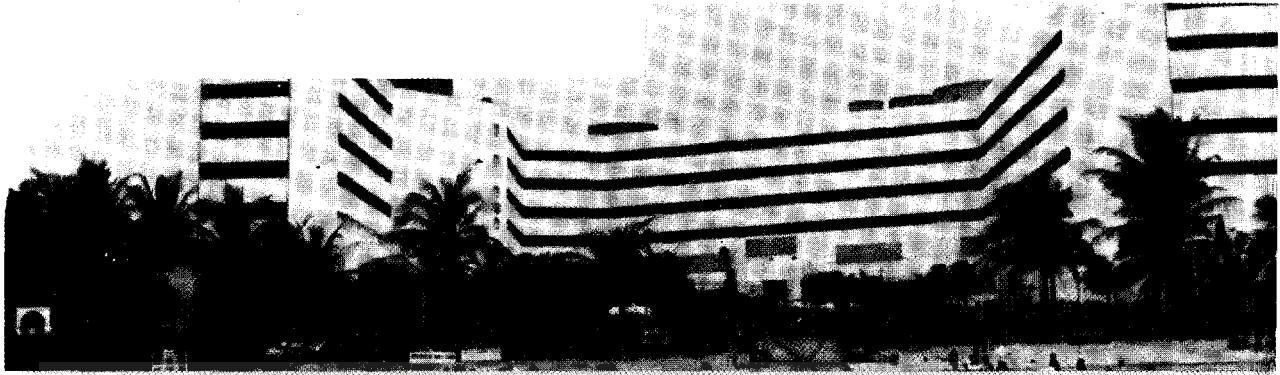
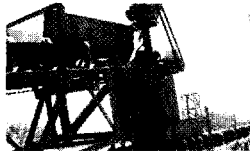
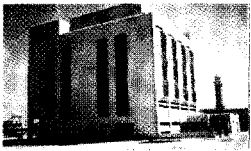


Annual Report

2004

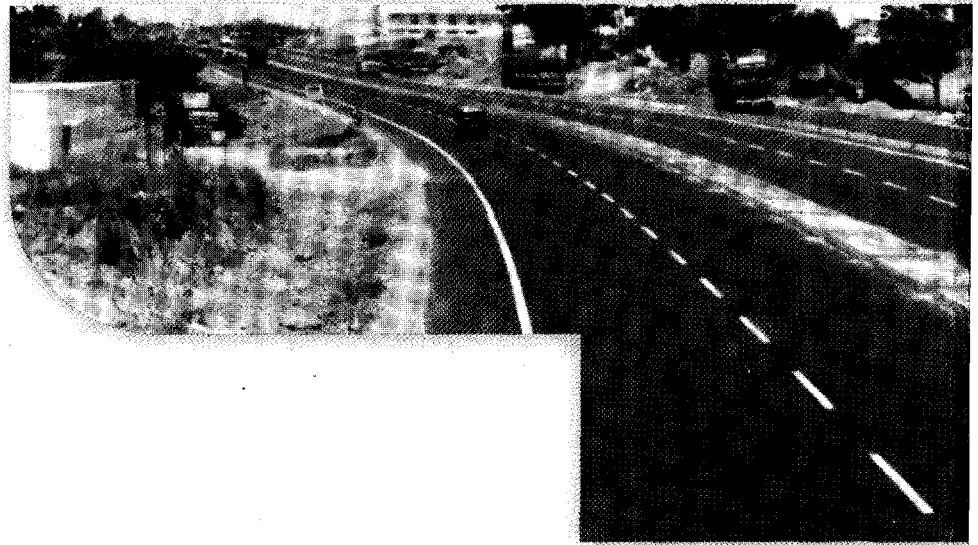
PATEL ENGINEERING Ltd.

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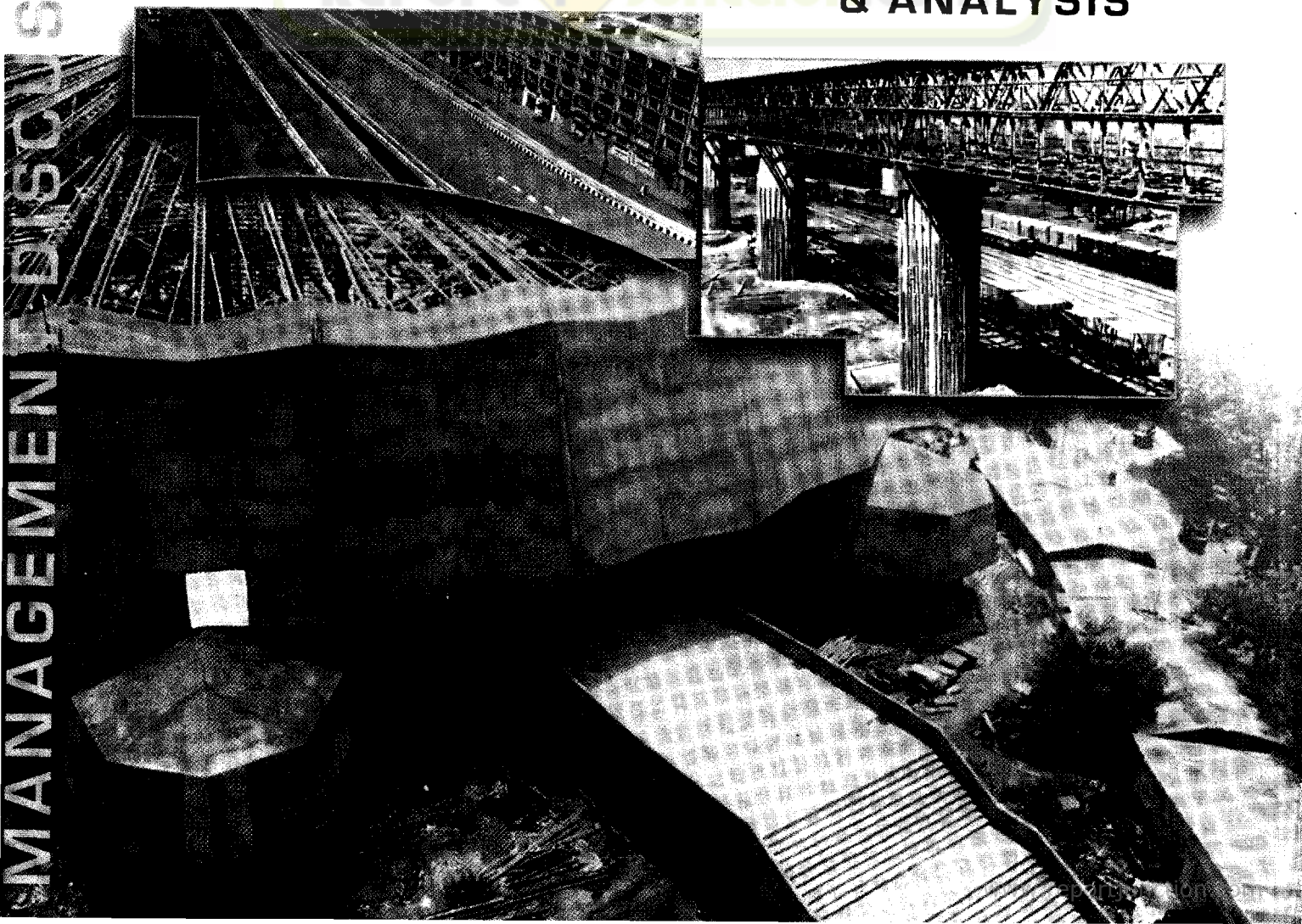
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MANAGEMENT DISCUSSIONS & ANALYSIS



MANAGEMENT DISCUSSIONS & ANALYSIS



Dear Shareholder,

The wave of overall growth in the country and upsurge in GDP has its positive effect in Construction Industry. In National Development, we being one of the responsible organizations have contributed our share, which has kept our name sparkling in the Industry. I am delighted to report your Company's progress, like every year, is striding forward.

The annual business turnover is maintaining its steady growth rate escalating to Rs. 784 Million. Your Company has established leadership in market position in spite of global competition.

Your company has added Rs. 600 cr. worth contract to our order book, using cutting edge technology, now aggregating to Rs. 2040 cr. In addition to securing projects in Hydro sector, our core strength, we have also commenced to penetrate into urban infrastructure projects i.e. Concreting Roadways, subways, housing colonies and Indoor stadiums and so on. With increase in competition and addition of new players the margins are sliding down and therefore arise a need to find green pastures.

I attribute this phenomenal growth to sincere efforts of our dedicated and loyal employees who have always strived to deliver the best. The young, dynamic and skilled work force guided by decades of rich experience has left our competitors to guess. The blend of innovative thinking and sound experience has provided the impetus to convert challenging assignments to successful ventures.

As the business is expanding, your company is augmenting its major resource, construction machinery along with manpower. Substantial investment is made in procurement of machinery, which will yield rich dividends.

The future is promising as large projects are being unveiled giving better opportunities to conquer projects with healthy margins. It is our consistent endeavor to excel beyond expectation, to enhance overall shareholder value and feel proud as stoker in

On behalf of the Board of Directors and the management, I thank every one who has contributed to the success of your company during the year under report.

Rupen Patel
Managing Director

Place : Mumbai
Date : 30th July 2004

DIRECTOR



DIRECTORS' REPORT



D

Dear Members,

Your Directors are pleased to present their FIFTY-FIFTH annual report on the business and operation of the Company and the financial results for the year ended 31st March 2004 as well.

1. **Financial Results:** The total revenue has impressively increased by 35.88% from Rs.577 crores to Rs.784 crores on account of increase in the turnover during the year. However the profit is earned phenomenally by maintaining the cost of input etc.
2. **Dividend:** The Directors recommend a Dividend of 100% (Rs. 5.00 each per share) for the year ended 31st March 2004, if approved by the shareholders at the Annual General meeting to be held on September 24, 2004 and will be disbursed in October 2004.
3. **Bonus Shares:** Your Directors are pleased to reward the shareholders by issuing shares as Bonus @ one for one subject to approval wherever necessary.

For the convenience of the trading community, the face value of the equities is further split into value of Re. 1/- subject to approval.

4. **Subsidiaries:** The Company is preferring an application for seeking exemption from the Government of India for publication of Accounts of its subsidiaries under the provisions of Section 212 of the Companies Act, 1956, after taking legal opinion. The Company is not separately attaching the accounts of the subsidiaries which are owned by Patel Engineering Inc. However, we are attaching the Consolidated Financial Statement of Patel Engineering Inc. (containing information about its subsidiaries) along with the Report of their Auditors, as a matter of abundant precaution.
5. **Conservation of Energy:** The Company does not have any manufacturing activities. Therefore conservation of energy statement does not apply.
6. **Foreign Exchange earnings & Outgo:** The details on foreign exchange earnings and outgo are furnished in Schedule 20-Notes forming part of Balance Sheet and Profit and loss Account.
7. **Industrial Relations:** During the year under review, industrial relations at all the sites continued to be cordial and peaceful, barring certain incidents, which are amicably settled.
8. **Directors' Responsibility Statement:** Pursuant to the provisions under Section 217(2AA) of the Companies Act, 1956, the Directors confirms:

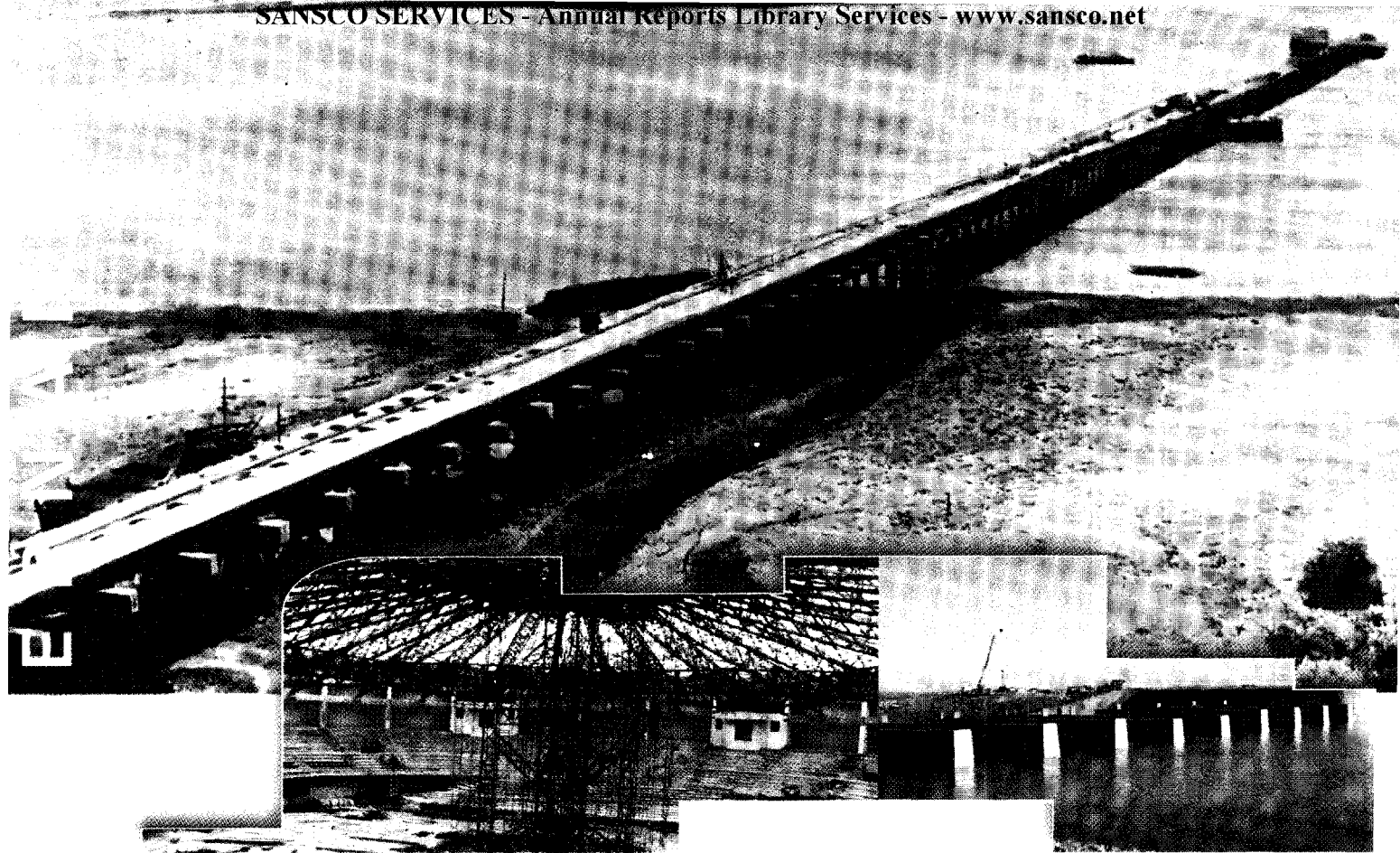
- a) that in the preparation of Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- b) that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2004 and the profit and loss account of the Company for the year ended on that date;
- c) that the 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;
- d) that the Annual Accounts have been prepared on a going concern basis;
- e) that none of the Directors is disqualified from being appointed u/s 274(1)(g) of the Act.

9. **Fixed Deposit:** The Company has not accepted any deposits from public during the year also.
10. **Directors appointment and reappointment:** Shri Rupen Patel, Managing Director of the Company whose tenure of 5 years expires in August 2004, has been reappointed by the Board, subject to the approval of the shareholders at the ensuing Annual General Meeting. Similarly Shri Rohit Patel and Shri. Dinesh V. Patel retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.
11. **Auditors:** M/s Vatsaraj & Co. the Auditors are retiring at the conclusion of the Annual General Meeting and are eligible for re-appointment.
12. **Particulars of Employees:** Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, regarding employees is not attached. However the same shall be provided when asked for.
13. **Corporate Governance:** The Corporate Governance practice followed by the company is given separately in the Annexure forming part of this report.
14. **Appreciation:** Your Directors would like to express their appreciation to the Management team and their workforce for their co-operation and commitment. Your Directors would also like to express their sincere thanks for the cooperation/ assistance extended by the Bankers and regulating authorities as well on our business endeavours.

for and on behalf of Board of Directors

Place : Mumbai
Date : 30th July 2004.

Rupen Patel
Managing Director



CORPORATE GOVERNANCE

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The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing shareholders' long term value. As such the Company's policies and practices are aimed towards that goal. The Company has been consistently improving transparency and accountability to all its stakeholders.

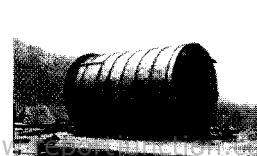
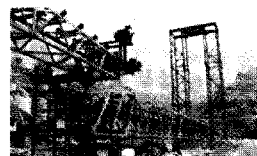
Board of Directors

The Company has an appropriate mix of Executive and Independent Directors to function, govern and manage the affairs. The Board consists of nine Directors as per the composition furnished hereunder:

Sr. No.	Category	Name of Director
1.	Promoter & Non-Executive	Sri Pravin Patel - Chairman Sri Rohit Patel
2.	Promoter & Executive Directors	Sri Rupen Patel - Managing Director Ms. Sonal Patel - Chief Operating Officer Sri Nimish Patel
3.	Non-promoter but Executive Directors	Ms. Silloo Patel Sri S.K. Desai
4.	Non-promoter & Independent Directors	Sri Dinesh V. Patel Sri Rajat Patel Sri (Srichand Shroff - since expired)

Director with materially or pecuniary business relationship with the company:

It has been reported that none of the Directors has any pecuniary or material business relationship with the Company.



Attendance of the Directors at the Meeting of the Board held during the financial year 2003-2004 and at the Annual General Meeting held on 26th September 2003 are as follows:

Name of Directors	Dates of Board Meetings									AGM 26th Sep'03
	30/04	14/07	31/07	26/08	24/09	31/10	01/12	29/12	30/01/04	
Sri. Pravin Patel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sri. Rohit Patel	-	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sri Rupen Patel	-	✓	✓	✓	✓	✓	✓	-	✓	-
Ms. Sonal Patel	-	-	-	-	✓	-	-	✓	-	-
Ms. Silloo Patel	✓	✓	-	✓	✓	✓	✓	✓	✓	✓
Sri. Nimish Patel	-	✓	-	-	✓	-	✓	✓	✓	-
Sri Dinesh V Patel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sri Rajat Patel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sri Srichand Shroff	✓	✓	✓	✓	✓	✓	-	-	-	✓
Sri S.K. Desai +	-	-	-	-	-	✓	✓	✓	✓	-
Sri Danish Merchant*	✓	-	✓	✓	✓	✓	✓	-	✓	✓

+ Appointed effective October 2003.

* Alternate Director to Ms. Sonal Patel

Number of Directorships of other public limited companies and memberships of Board Committees:

Name of Directors	No. of BoDs of Public limited Companies (Including OCBs)	No. of membership of Board Committees	No. of Chairmanship of Board Committees
Sri Pravin Patel	3*	NIL	NIL
Sri Rohit Patel	NIL	NIL	NIL
Sri Rupen Patel	1	NIL	NIL
Ms. Sonal Patel	3*	NIL	NIL
Ms. Silloo Patel	2	NIL	NIL
Sri Nimish Patel	1	NIL	NIL
Sri Dinesh V. Patel	NIL	NIL	NIL
Sri Rajat R. Patel	NIL	NIL	NIL
Sri Srichand Shroff	NIL	NIL	NIL
Sri Danish Merchant	2	NIL	NIL
Sri S.K. Desai	NIL	NIL	NIL

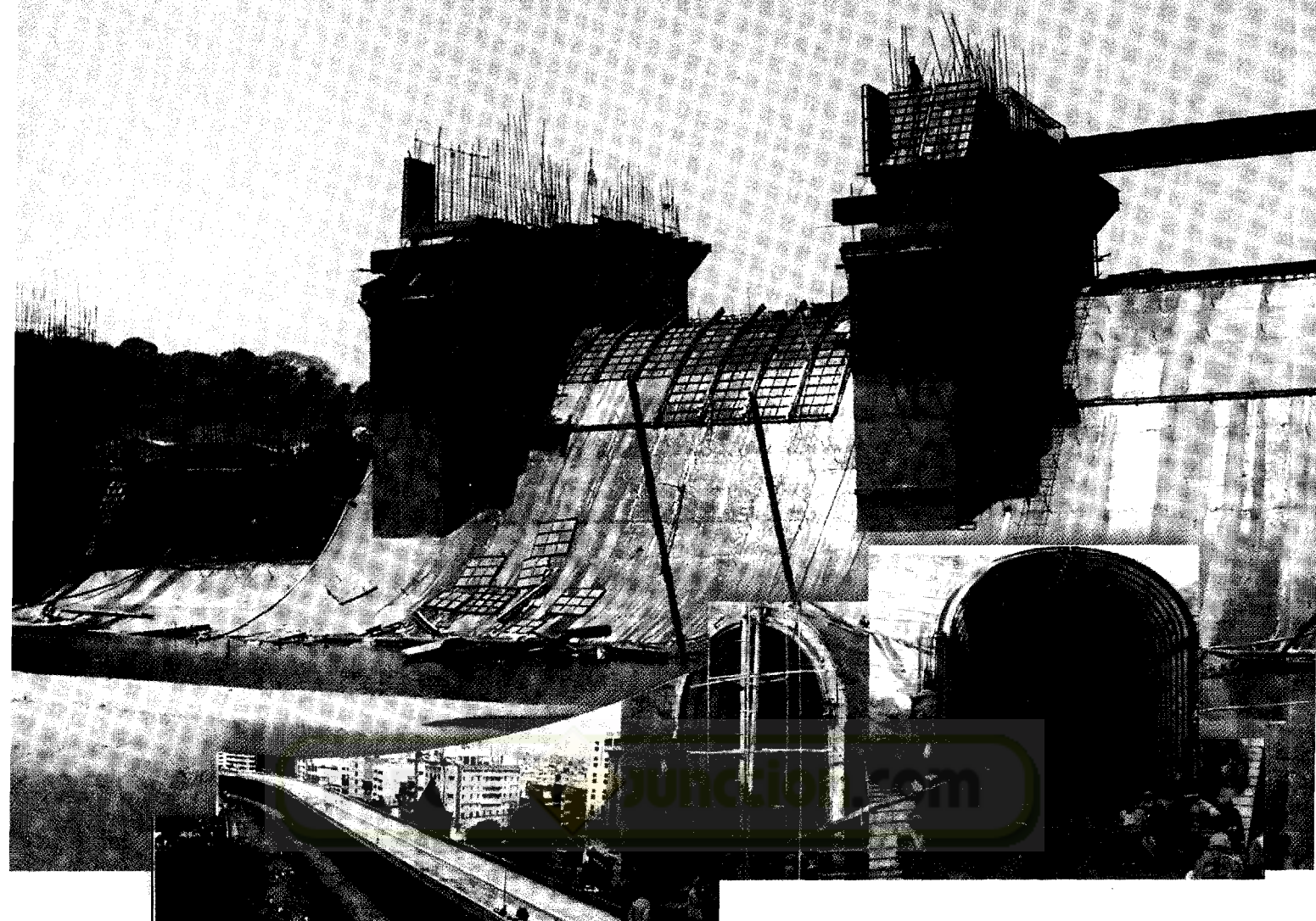
II. Audit Committee

This Committee was formed in 2001 to oversee the Company's financial reporting, internal control systems, reviewing the accounting policies and practices, reports of the Internal and Statutory Auditors and also to review financial and risk management policies.

Composition and attendance of the Committee are as follows:

Name of Director		No. of meeting held	No. of meetings attended
Sri Srichand Shroff*	Chairman	5	4
Sri Pravin Patel	Member	5	5
Sri Rohit Patel	Member	5	4

* The Chairman of the Audit Committee has since expired, whose vacancy is yet to be filled in. Till such time the Chairman of the Board, who is qualified and possesses enough knowledge to read and understand the Balance Sheet is officiating as the Chairman of the Audit Committee. The Board is exploring to induct an independent and qualified hand to Chair this committee.



III. Share Transfer and Investors' Grievances Committee:

Reconstituted specially to look into the grievances of investors and to improve the efficiency of services to investors wherever possible. This committee normally meets once in a month.

Composition and attendance of the Committee is as follows:

Name of Director	No. of meeting held	No. of meetings attended
Sri Rohit Patel - Chairman	10	10
Ms. Silloo Patel - Member	10	10
Sri Dinesh V Patel - Member	10	10

There received two complaints through regulating authorities during the year besides renewal of one from previous year. All the three complaints were fully disposed off during the year under review.

Name and Designation of Compliance Officer :

Sri R. Subramanyam, General Manager - Corporate Affairs

