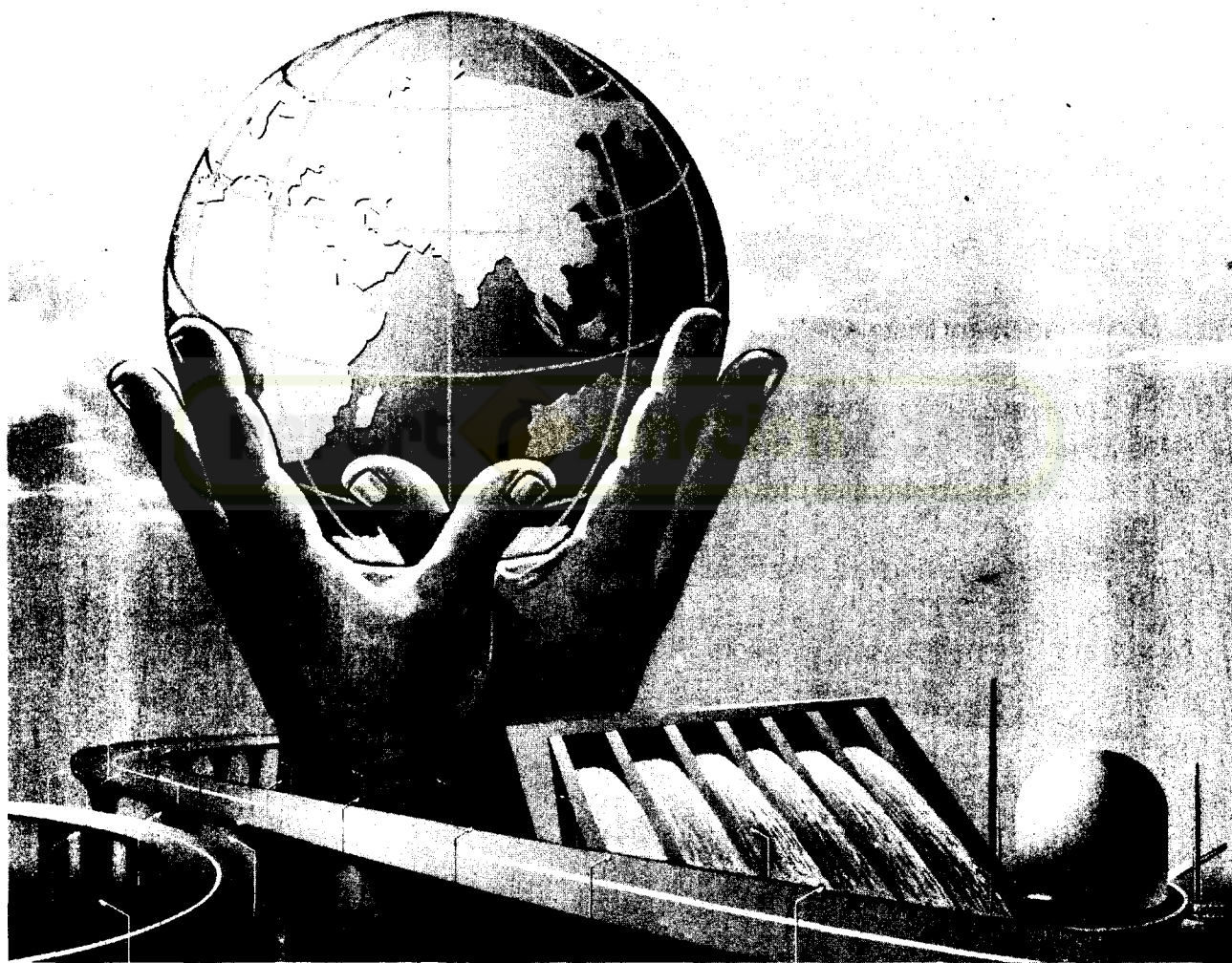


# 56<sup>th</sup>

Annual Report 2005



Engineered for growth

**Patel**  
Since 1949  
**PATEL ENGINEERING LTD**

## **CONTENTS**

<b>Sr. No.</b>		<b>Page Nos.</b>
1.	Director's Report	3
2.	Management Discussions & Analysis	5 - 7
3.	Corporate Governance Report	8 - 13
4.	Consolidated Financial Statement	15 - 36
5.	Patel Engineering Ltd. Financial Statement	38 - 54
6.	Patel Engineering Inc. Financial Statement	57 - 77

## DIRECTORS' REPORT

TO THE MEMBERS OF  
PATEL ENGINEERING LTD.

The Directors are pleased to present their 56<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 2005.

Consolidated Financial highlights:

	2004-05	2003-04
	<i>In crores</i>	<i>In crores</i>
Total Revenue	798.91	783.73
Less :Total Expenditure	750.01	748.04
Profit before Tax	48.90	35.69
Provision for Tax	6.78	7.19
Profit after Tax	42.12	28.49
Minority Interest	0.57	0.63
Net Profit	41.55	27.86
Add: Balance b/f from previous year	10.37	1.93
Amount available for Appropriation	51.92	29.79
Appropriations:		
(a) Interim Dividend	1.94	-
(b) Final Dividend	2.92	2.43
(c) Tax on Dividend	0.64	0.31
(d) Debenture Redemption Reserve	3.13	3.13
(e) Capital Reserve	-	1.06
(f) General Reserve	12.50	12.50
(g) Balance Carried forward	30.80	10.36

**Dividend :** Your Directors had declared an interim dividend of 40% during the year under report. Your Directors further recommend a final dividend of 60% (Rs.0.60 paise per share) bringing the total dividend to 100%.

**Bonus Shares:** During the year under review 24302400 bonus shares @ 1:1 were allotted by capitalizing the Reserves to that extent.

**Subsidiary:** The Audited Accounts for the year ended 31<sup>st</sup> March 2005 of the subsidiaries together with the report of Auditors forming part of the Company's Annual Report is attached hereto.

**Foreign Exchange earnings & Outgo:** The details on foreign exchange earnings and outgo are furnished in Schedule 22 - Notes forming part of Balance Sheet and Profit & Loss Account.

**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.

**Fixed Deposits:** Your Company has not accepted any deposits from public during the year

**Directors:** Shri Nimish Patel and Ms. Silloo Patel, Wholtime Directors retires by rotation and also the period of contract expires. The Board is satisfied to re-appoint them subject to necessary approval.

Shri K. Kannan and Shri Khizer Ahmed were appointed as Additional Directors with effect from 4<sup>th</sup> August 2005. They hold office upto the date of the AGM and being eligible offer themselves for reappointment.

Shri Danish Merchant has submitted his resignation with effect from 16<sup>th</sup> August 2005. The Board places on record its warm appreciation for the services rendered during his tenure of office.

**Corporate Governance:** Management Analysis and Corporate Governance Report together with Auditor's certificate on Corporate Governance are attached hereto, forming part of Directors' Report.

*As regards to the opinion expressed by the Auditors on the requirement of Independent Directors, your Directors wish to state that efforts have been put on to fill the vacancy created due to sudden demise of Shri Srichand Shroff in the previous year and also to reconstitute the sub-committees in line with the Listing Agreement. However, we could succeed in enrolling two eminent personalities in the Board during August 2005 and are in the search for one more Director who could contribute his mite for the benefit of the Company.*

**Conservation of Energy:** The Company does not have any manufacturing activities. Therefore conservation of energy statement does not apply.

**Particulars of Employees:** Information, complying the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, regarding employees is given as Annexure to this Report.

**Auditors** M/s Vatsaraj & Co., Chartered Accountants, Auditors are retiring at the conclusion of the Annual General Meeting and are eligible for re-appointment.

**Directors' Responsibility Statement:** Pursuant to the provisions under Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

- that in the preparation of 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 2005 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 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 u/s 274(1)(g) of the Act from being appointed.

**Acknowledgements:** Your Directors wish to place on record their appreciation for the continued support and co-operation by Banks, Government Authorities, Financial Institutions and other stakeholders. Your Directors express their appreciation to all Employees for their dedicated services.

On behalf of Board of Directors

Mumbai  
September 2, 2005

Pravin Patel  
Chairman

**INFORMATION AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANY ACT, 1956 READ WITH THE COMPANIES  
(PARTICULARS OF EMPLOYEES)**

**RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT**

Sr. #	Name	Designation / Nature of Duties	Remuneration in Rupees	Qualification	Experience in years	Date of Commencement	Date of Birth	Age (Yrs)	Last Employment Held
(A) Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs.2,400,000/- for the year									
1	Shri RUPEN P. PATEL	Managing Director	4,935,600	B.Com., M.B.A. (Fin., USA)	13	26.10.1995	24.08.1966	39	-
2	Ms SONAL PATEL	Whole Time Director / Chief Operating Officer	7,353,281	B.Com., M.B.A. (Fin., USA)	17	02.02.1994	22.01.1964	41	-
3	Mr NIMISH R. PATEL	Whole Time Director	4,230,691	B.S. (USA)	10	01.02.1999	28.02.1970	35	M/s. Kivit Construction Co., USA
4	Ms SILLOO PATEL	Whole Time Director	4,142,700	B.A.	35	19.10.1992	14.05.1947	58	-
(B) Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs.200,000/- per month									
NIL									

- NOTES:** 1) Remuneration comprises Salary, Allowances, monetary value of perquisites, commission to the Directors and company's contribution to Provident Fund but excludes contribution to Gratuity Fund, Leave Encashment on the basis of actuarial valuation.
- 2) All appointments are contractual and are subject to the rules and regulations of the company in force from time to time.

for PATEL ENGINEERING LIMITED

Mumbai,

MANAGING DIRECTOR

## MANAGEMENT DISCUSSION AND ANALYSIS

on Consolidated Financial Condition And Results of Operations

### Overview

#### Sector

The infrastructure construction sector is on a high growth trajectory.

Infrastructure has emerged as an imperative necessity for sustained growth and alleviation of poverty in any economy. With poor infrastructure to support other growth initiatives, the Indian economy continues to be lagging behind, when compared to its developing peers. Sustainable growth depends upon the availability of efficient infrastructure.

The industry contributes a little over 5 per cent of the country's GDP and 37 per cent of all investments. But if one takes into account the cascading effect it has on other core sectors such as cement, steel, housing finance and also on employment generation, the contribution might go up to 10 per cent.

Government has committed to removing the flaws in infrastructure facilities through a mix of policy and fiscal measures. A massive surge in the infrastructure industry, with an expanded role for the private sector, has started in the country.

Government's thrust on power supply, irrigation and water management and speedy completion of irrigation projects, has gained momentum. This envisages good prospects and ample business opportunities for the infrastructure construction sector.

One of the major planks of this year's budget is to provide strong stimulus to the infrastructure sector through larger public and private in these sectors. This will also help boost industrial growth and overall economic activity.

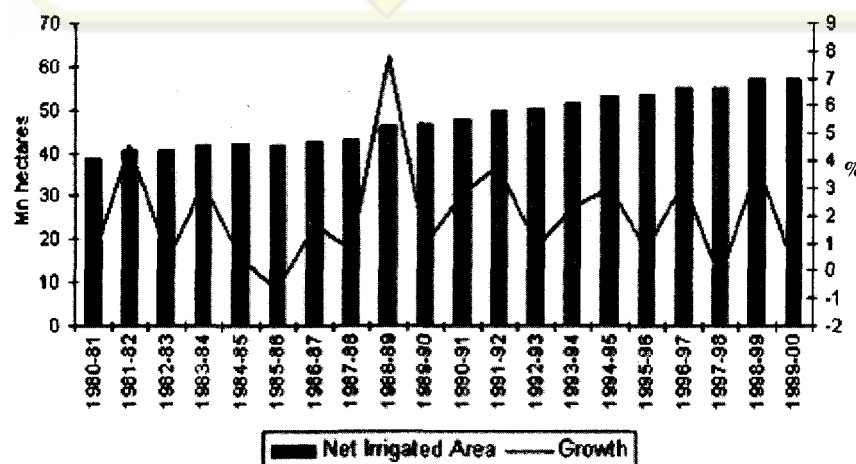
#### Irrigation, Rural Infrastructure:

The Accelerated Irrigation Benefit Programme (AIBP) was introduced in 1996-97 and was allotted large funds year after year. Yet, out of 178 large and medium irrigation projects that were identified, only 28 have been completed. The programme is being restructured. Truly last mile projects that can be completed by March 2005 have been given overriding priority, and other projects that can be completed by March 2006 will be taken up in the current year.

The Budget has outlined an outlay of Rs. 48 bn on the Accelerated Irrigation Benefit Programme (as against Rs. 28 bn in 2004-05 BE). An additional Rs. 4 bn would be invested in promoting micro irrigation technology, comprising drip and sprinkler irrigation, on a large scale.

While the Indian economy has undergone a major shift in the last couple of decades by becoming less reliant on agriculture (The contribution of agriculture has reduced over the years from 46% in 1970's to 21% in 2003-04), yet 70% of the Indian population lives in rural India and is largely dependent on agriculture for their livelihood. Improvement in net irrigated area is imperative for the steady growth of agricultural sector. Even at the end of the last decade, the total area under irrigation constituted just 40% of the total cropped area in the country. As a result of this low penetration of irrigation, the dependence on monsoon is still high. The Government hopes to improve micro irrigation coverage to 3 million hectares in the Tenth Plan and to 14 million hectares in the Eleventh Plan.

Chart 1: Net Irrigated Area



Source: CMIE, Statistical outline of India

#### Power

##### "Power For All By 2012"

Power is one of the pillars of development and a determinant of the quality of life. Power has always been a priority sector for the Government. There has also been a tremendous increase in the transmission and distribution (T&D) capacity. However, despite these achievements, the power sector has not kept pace with the growth in demand with the result that the country has always faced energy and peaking shortages.

The economic survey has indicated that while the capacity addition plan for FY05 is in line with what was projected earlier, effective enforcement of the Electricity Act of 2003 is necessary for solving the problems facing the power sector, in the areas of generation, transmission and distribution. Out of the 5,245 MW of addition projected for the country's generation capacity in FY05, only 3,100 (59%) has been commissioned during the period between April and November. This is slow considering that the target is adding 100,000 MW during the tenth and eleventh five-year plans. The survey has also indicated that during the period 1992-2004, power generation capacity in the country has grown at a CAGR of 4.2% while the GDP growth has been 6.4%.



## 56th Annual Report 2005

This is one of the primary reasons why the demand-supply mismatch has deepened over the years. This is because of the fact that the growth rate of demand for power in developing countries is generally higher than that of the GDP. In India, the elasticity ratio is around 1.5, which means that if the economy is to grow at a CAGR of 7%, the rate of growth of power supply needs to be over 10% annually.

Hydel and wind power generation are both particularly attractive renewable and non-polluting forms of electricity generation. These new technologies now account for 30 % of the total generation capacity. Significant progress has been made in hydro projects during 2003- 2004.

The economic survey has also indicated that India has an estimated unutilized hydro power potential of more than 150,000 MW (over the current capacity of 32,000 MW).

In order to tap this potential, the government has identified 162 projects spread across 16 states, with an aggregate capacity of 50,000 MW.

**Key points**

- Gross subsidy on account of sale of electricity to agriculture is likely to increase from Rs. 233 bn in 2003-04 to Rs. 238 bn in 2004-05 and Rs. 254 bn in 2005-06.
- Earlier a village was defined as being electrified if at least one connection existed. In 2003-04, this definition was revised to require linking at least 10% of the households. Using this definition, around 19% of India's villages still remain un-electrified.
- As per the survey, a considerable progress has been made on the settlement of dues payable by the SEB( State Electricity Board)s to the central power sector undertakings. Also, with a view to give a boost to state governments, SEB( State Electricity Board)s and utilities have taken adequate steps towards reduction of transmission, distribution and commercial losses.
- The government is implementing the APRDP, through which it has allocated Rs. 35 bn in 2004-05. The recently announced National Electricity Policy as envisaged in the Electricity Act of 2003, aims to provide electricity to all households in five years and to fully meet power demand by 2012.
- **Constitution of Hydro Commission:** With a view to speed up sanction and taking up construction of hydro projects, it is proposed to constitute a specially empowered hydroelectric Commission with representation from the Ministries connected with sanction of hydro projects i.e. Ministry of Power, Ministry of Environment, Ministry of Finance, Ministry of Water Resources etc.
- **50,000 MW Hydro Electric Initiative:** The Prime Minister launched the 50,000 MW hydropower initiative on 24<sup>th</sup> May, 2003. The first part was the preparation of Pre-Feasibility Reports (PFRs) for 162 identified Hydro projects and involved preparation of PFRs by seven agencies covering 16 States in the country and was to be completed within 18 months i.e. by September 2004. The work has been proceeding and is under close monitoring by the CEA and the Ministry of Power. The first 62 PFRs have recently been received and are under scrutiny of CEA. The results have been extremely encouraging and it has been found that there are 21 projects with accumulative capacity of about 10,000 MWs having tariffs around Rs. 1.50 per unit. Without waiting for the remaining PFRs to be completed, a decision has been taken to take up DPR(Development Plan Report)s for eventual implementation of the more attractive schemes. Accordingly a provision has been sought from the Planning Commission for providing Rs. 1.5 bn in the year 2004-05 and Rs. 2 bn in the year 2005-06. The DPRs would take about 2 years to prepare and the issues connected with the speedy implementation of DPRs are being addressed.
- **Financial closure of Power Projects (7121 MW) in private sector:** A total capacity addition of 7121 MW has been targeted from private sector for the 10th Plan. Out of this, 648 MW has already been commissioned and about 4400 MW is also expected to be commissioned within the Plan (Categorized as 'A'). A capacity of about 440 MW has been placed in category 'B', which could also get commissioned during the 10th Plan itself. About 2000 MW from the targeted capacity is likely to slip from the Plan. In addition to the targeted capacity, an additional capacity of about 4000 MW from private power projects not included in the 10th Plan lists, is also being identified for possible capacity addition during the 10th Plan. A separate Cell has been set up in the Ministry of Power to monitor IPP financial closure. Steps will be taken to see that for (A and B) categories, about 5,000 MW financial closure is expected to be completed by March, 2004.

**Other important aspects**

- At the end of September 2004, there were 617 projects with an estimated cost of Rs. 2,671 bn. Out of these, around 149 projects faced cost overruns of 22.2%. Then there are 237 projects, which have a time overrun ranging from 2 months to 13 years.
- The survey states that since infrastructure projects have long gestation periods and are not financially viable on their own, the government is promoting public-private partnerships through a special facility called the 'viability gap funding.' This facility is meant to reduce capital cost of projects and to make them viable and attractive for private sector investments.
- 5,418 kms of the National Highway Development Project (out of a total of 14,279 kms) has been completed as of January 31, 2005. The Golden Quadrilateral project is likely to be completed by December 2005. The North-South and the East-West corridors are likely to be completed by December 2007.

**Business Performance Review**

The fiscal year under review ended March 31, 2005, was a stimulating year for Patel Engineering. Your company has performed commendably in a challenging business environment. It was a landmark year for the company both strategically and operationally. During the year your company has secured 7 projects in Irrigation sector and 4 projects in hydro sector worth more than 2000 crores.

Traditionally, infrastructure projects have been viewed as endless pits owing to the long gestation period and escalating costs. But we have developed the capability and the competence to meet the demands of this growing industry.

We are primarily into hydropower and irrigation projects. Unlike the road sector where competition is intense from smaller players leading to wafer thin margins, these are high value and high margin projects. Hence, only well established companies with a considerable track record compete for in this segment.

**Company's growth prospects and near term outlook**

The Indian construction industry is gearing up for a strong growth during the current year given the Governments impetus on infrastructure development. There is a demand pick up in the industry. Patel Engineering is uniquely equipped to take advantage of the infrastructure boom in India.

In order to benefit from this boom your company already has world-class technology in place, through its technology acquisitions in the West. We are optimistic of a huge escalation in our order book position.

We have already started implementing Micro tunneling in Mumbai and RCC projects in Maharashtra & Andhra Pradesh. These projects will be completed mostly by 2006.

With a 100% increase in the hydropower sector and a substantial increase in irrigation works, the company is expecting revenues growth to 100% in the coming 3 years.

The outlook is very buoyant and shows immense potential. Going forward, your company will leverage the forte of sustainable strategic advantage optimally.

Our approach towards acquiring a leadership position in the industry includes:

- Exploring opportunities to take advantage of the thrust on infrastructure by the Government. Government spending is gaining momentum and many more projects will be implemented in the near future.
- Participating actively in the core competence sector of hydropower and leverage the technology edge we have over competitors. Our technology makes it possible for us to complete the projects in good time, thus minimizing cost over runs.

#### Future Outlook

Hydroelectricity is clean energy and its generation is not linked to issues concerning fuel supply, especially the price volatility of imported fuels. It enhances our energy security and is ideal for meeting peak demand. Less than one fourth of the vast hydro potential of 1,50,000 MW has been tapped so far.

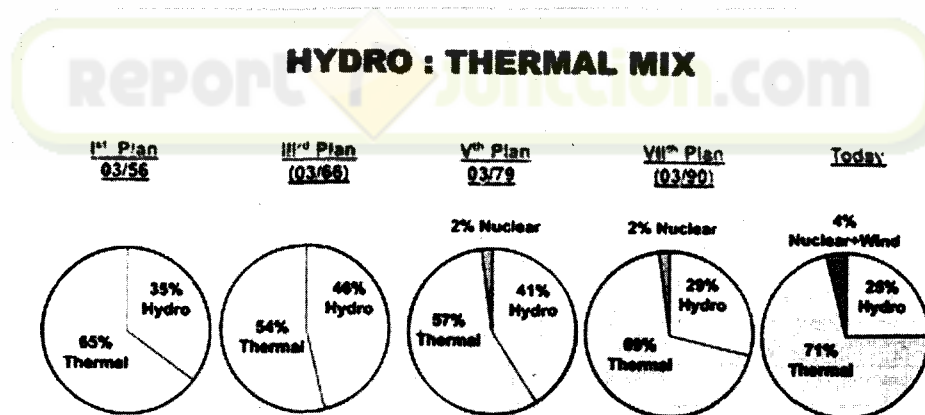
Compared to the high utilization of hydro potential in countries like Norway (58%), Canada (41%) and Brazil (31%), the utilization of only 17% of its hydro potential by India is extremely low.

Hydel Potential - Global Scenario			
Country	Exploitable Potential(MW)	Installed Capacity (MW)	% of Potential Utilised
Norway	47,000	27,360	58
Canada	160,000	65,678	41
Brazil	170,00	52,427	31
China	310,000	56,000	18
India	150,000	23,488	17

Source: Ministry of Power

The table below brings out the fact that several states with rich hydro potential have developed very little of it.

In fact, the share of hydro generation in India has gradually declined during the past 25 years. Consequently, thermal generation, which should generally be used for base load operation, is also being used to meet peaking requirements.



Source: Ministry of Power

The hydroelectric potential of India is very vast (150,000 MW). Though the potential is significant, achieving it is not that easy. While the increased government focus on infrastructure development offers immense growth prospects, the challenge will be to manage this growth.

Moreover, stiff competition forces both domestic and international players to bid at rock-bottom prices. As contracts are often awarded to the lowest bidder, companies have to sacrifice margins.

Another problem is the financing of such huge projects. Given the limited resources of the Government, the projections are based on the assumption of increased participation by the private sector through the 'public-private partnership' model and foreign investments. From a policy perspective, there has been a growing consensus that a private-public partnership is required to remove difficulties concerning the development of infrastructure in the country.

New initiatives to tap the growing market have been put into place.

Given the inherent problems such as cost escalation, time lags, government regulation, and so on, foreign investments is expected to flow into the infrastructure sector by 2005-06.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2004 – 2005**  
(As required under clause 49 of the Listing Agreement entered into with Stock Exchanges)

**1 The Company's Corporate Governance philosophy**

The Company believes in adopting best practices in the area of Corporate Governance and follows the principle of full transparency thereby protecting the interest of its stake-holders. The Board considers itself as Trustee to its shareholders and acknowledges its responsibility in safeguarding shareholders wealth. During the year under review the Board endeavored towards this objective, pursued the policies for generating long term economic value to shareholders and equally respecting the interest of the Stakeholders too.

**2. Board of Directors**

The Combination of members in the Board complies the provisions of Listing Agreement. The Chairman of the Board is non-executive.

None of the Directors on the Board is a member on more than 10 Committees and the Chairman of more than 5 Committees (As specified in clause 49), of the Companies in which he is a Director.

The Board met 10 times on the following dates during the financial year 2004 – 2005 and the maximum time gap between the two meetings did not exceed 4 months.

April 30, 2004	October 29, 2004	June 15, 2004	November 19, 2004	July 30, 2004
December 24, 2004	August 16, 2004	January 31, 2005	October 4, 2004	March 10, 2005

The names and categories of Directors on the Board, their attendance at the Board Meetings held during the financial year 2004-2005 and at the last Annual General Meeting (AGM) as also number of directorship and the positions held by them in other public limited companies as on 31<sup>st</sup> March 2005 are as follows:

Name	Category	No. of Board Meetings attended during the Financial Year 2004-05	Whether attended AGM held on Sept 24, 2004	No. of director-ship in other public limited companies		No. of Committee positions held in other public limited company	
				Chairman	Member	Chairman	Member
Shri. Pravin Patel (Chairman)	Promoter, Non-Executive	10	Yes	—	3	—	—
Shri Rupen Patel (Managing Director)	Promoter Executive	7	No	—	4	—	—
Ms. Sonal Patel	Promoter Executive	1	No	—	3	—	—
Ms. Silloo Patel	Promoter Executive	10	Yes	—	2	—	—
Shri Nimish Patel	Promoter Executive	10	No	—	1	—	—
Shri Rohit Patel	Promoter Non-Executive	9	Yes	—	—	—	—
Shri. Dinesh V. Patel	Independent Non-Executive	10	Yes	—	—	—	—
Shri Rajat Patel	Non-Executive	10	Yes	—	—	—	—
Shri. S.K. Desai	Executive	8	Yes	—	—	—	—
Shri Danish Merchant *	Non - Executive	9	Yes	—	2	—	—

\* Shri Danish Merchant resigned as Additional Director w.e.f 16th August 2005

**ADDITIONAL DIRECTORS**

Mr. K. Kannan and Mr. Khizer Ahmed were appointed as Additional Directors with effect from 4th August 2005. Approval of members is sought in the ensuing Annual General Meeting for appointment of the aforesaid Directors.



**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting pursuant to clause 49 of the Listing Agreement.**

Name of Directors	Shri. Nimish Patel @	Ms. Silloo Patel @	Shri. K.Kannan *	Shri. Khizer Ahmed *
Date of Birth	28-02-1970	14-05-1947	17-11-1939	15-01-1940
Date of Appointment	01-02-1999	19-10-1992	04-08-2005	04-08-2005
Expertise in specific areas	Considerable experience in construction Industry and Financial literate	Specialized in financial Mgmt and Manufacturing activities	Eminent Banker with ripe experience in international funds Management.	A veteran Central Banker with erudite knowledge in Banks Management both National & International.
Qualification	B.S.(Finance)USA	Studied Arts	B.Com, (Hons.) FCA, A.I.C.W.A Fellow Member of Indian Institute of Bankers	M.A (Economics)
Directorship in other public limited companies	Advanced Magnetics Limited	1) Patel Energy Limited, 2) Advaced Magnitcs Ltd	1) MFL Ltd 2) Kesar Enterprise Ltd 3) Advani Hotel Resorts (I) Limited 4) Indo-Tech Transformers Ltd 5) Consolidasted Construction Consortium Ltd.	Wall Street Finance Ltd.

\* Fresh appointment as Additional Directors w.e.f 4<sup>th</sup> August 2005

@ Reappointment /renewal of contract as WTD.

**Membership of Committee in other Public Limited Companies:**

Name of director	Shri. Nimish Patel	Ms. Silloo Patel	Shri. K.Kannan	Shri. Khizer Ahmed
Audit	—	—	1) MFL Ltd 2) Advani Hotels & Resorts (I)Ltd	—
Remuneration	—	—	—	—
Shareholders/Investors Grievance	—	—	MFL Ltd	—

**3. Audit Committee:**

The Committee was formed in the year 2001 to oversee the Company's financial reporting, internal control system, reviewing the accounting policies and practices, reports of Internal and Statutory Auditors and also to review financial and risk management policies. The Audit Committee of the Company as on March 2005 comprises following three directors of the Company.

Shri. Pravin Patel	-	Chairman
Shri. Danish Merchant	-	Non-Executive *
Shri. Rajat Patel	-	Non-Executive

(\*Shri Danish Merchant resigned w.e.f 16th August 2005)

The Audit Committee is restructured w.e.f 4th August 2005 to the extent be in conformity with clause 49 (II) (A) of the Listing Agreement. Shri. K. Kannan shall henceforth be the Chairman, and Shri. Khizer Ahmed will be another member of the Audit Committee. Shri Pravin Patel shall continue as a member.

During the Financial Year 2004 – 2005, six Audit Committee Meetings were held as under:

April 30, 2004	August 16, 2004	June 15, 2004
October 29, 2004	July 30, 2004	January 31, 2005

**Attendance at the Audit Committee Meetings:**

Name of Director	No.of Meetings held during the tenure of the Director	No. of meeting attended
Shri. Pravin Patel	6	6
Shri. Rohit Patel *	4	3
Shri. Danish Merchant **	2	2
Shri. Rajat Patel	2	2

\* Resigned as a member of the Audit Committee after the Committee Meeting held on 16th August 2004

\*\* Shri Danish Merchant resigned w.e.f 16th August 2005

Shri. R. Subramanyam, Vice President (Corporate Affairs) is authorized to continue to be as Secretary to the Committee.

Shri V. R. Dhedhi, Deputy Director –Finance / Senior Vice – President continue to be an invitee on the meetings.

## 56th Annual Report 2005

**4. Remuneration Committee**

The Remuneration Committee is formed to appraise the performance of Managerial personnel including Directors to determine and recommend to the Board, as to the compensation payable, promotions and so on.

The Remuneration Committee of the Company as on 31<sup>st</sup> March, 2005 comprises of the following two Directors :

Shri. Pravin Patel - Chairman

Shri. Rohit Patel - Member

Ms. Silloo Patel - Director- (Finance) of the Company had co-opted on request.

Two meetings were held during the financial year 2004 – 2005 i.e., on April 30, 2004 and June 15, 2004.

Shri. R. Subramanyam, Vice President (Corporate Affairs) has acted as a Secretary to the Committee.

**Details of remuneration paid to the Directors during the Financial Year 2004-2005**

Name of Director	Salary & other Perquisites (Rs.in lacs)
Shri. Rupen Patel	49.36
Ms. Sonal Patel	73.53
Ms. Silloo Patel	41.43
Shri. Nimish Patel	42.31
Shri. S.K. Desai	7.78

The Remuneration Committee is restructured w.e.f 4th August 2005 in conformity with the Clause 49 of the Listing Agreement. As such Shri. Khizer Ahmed will chair the Committee. Shri. Pravin Patel and Shri. Rohit Patel will continue to be members of the said Committee.

**5. Shareholders/Investors' Grievances Committee:**

The Company has a specific Committee to look into the redressal and grievance of shareholders, on the delay in transfer of shares, non-receipt of dividend, Annual Report etc. The Committee comprises Ms. Silloo Patel, Shri. Dinesh V. Patel, and Shri. Rohit Patel.

Shri R. Subramanyam Vice- President (Corporate Affairs) & Compliance Officer was an invitee to said meetings.

Ms. Shobha Shetty, Company Secretary is acting as Secretary to the Committee.

8 meetings were held during the financial year 2004 – 2005 as under:

April 30, 2004	June 16, 2004	July 30, 2004	August 16, 2004
Sept. 24, 2004	Oct. 29, 2004	Dec. 24, 2004	Jan 31, 2005

**Attendance at the Shareholders / Investors Grievances Committee :**

Name of Director	No. of meetings held during the tenure of directors	No. of meetings attended
Ms. Silloo Patel	8	8
Shri. Rohit Patel	8	7
Shri. Dinesh Patel	8	8

The Shareholder / Investor's Grievance Committee is reconstituted w.e.f 04/08/2005 in conformity with the Clause 49 of the Listing Agreement. Henceforth Shri. K. Knnan will chair the Shareholder / Investor Grievance Committee. Shri. Khizer Ahmed and Shri. Rohit Patel will be member of the said Committee.

In order to expeditiously dispose of transfer matters, complaints, dematerialization and non-receipts of Dividend / transferred shares, the committee with the approval of the Board gave full authority to Ms. Silloo Patel, Director with a direction to report once in a quarter to the Committee for ratification. Thus there stands no grievance /complaints unattended / belated.

**Compliance Officer:**

Shri. R. Subramanyam  
Vice President (Corporate Affairs)  
Patel Engineering Ltd  
Patel Estate Road  
Jogeshwari (W),  
Mumbai 400 102

**Company Secretary:**

Ms Shobha Shetty  
Patel Engineering Ltd  
Patel Estate Road  
Jogeshwari (W)  
Mumbai 400 102