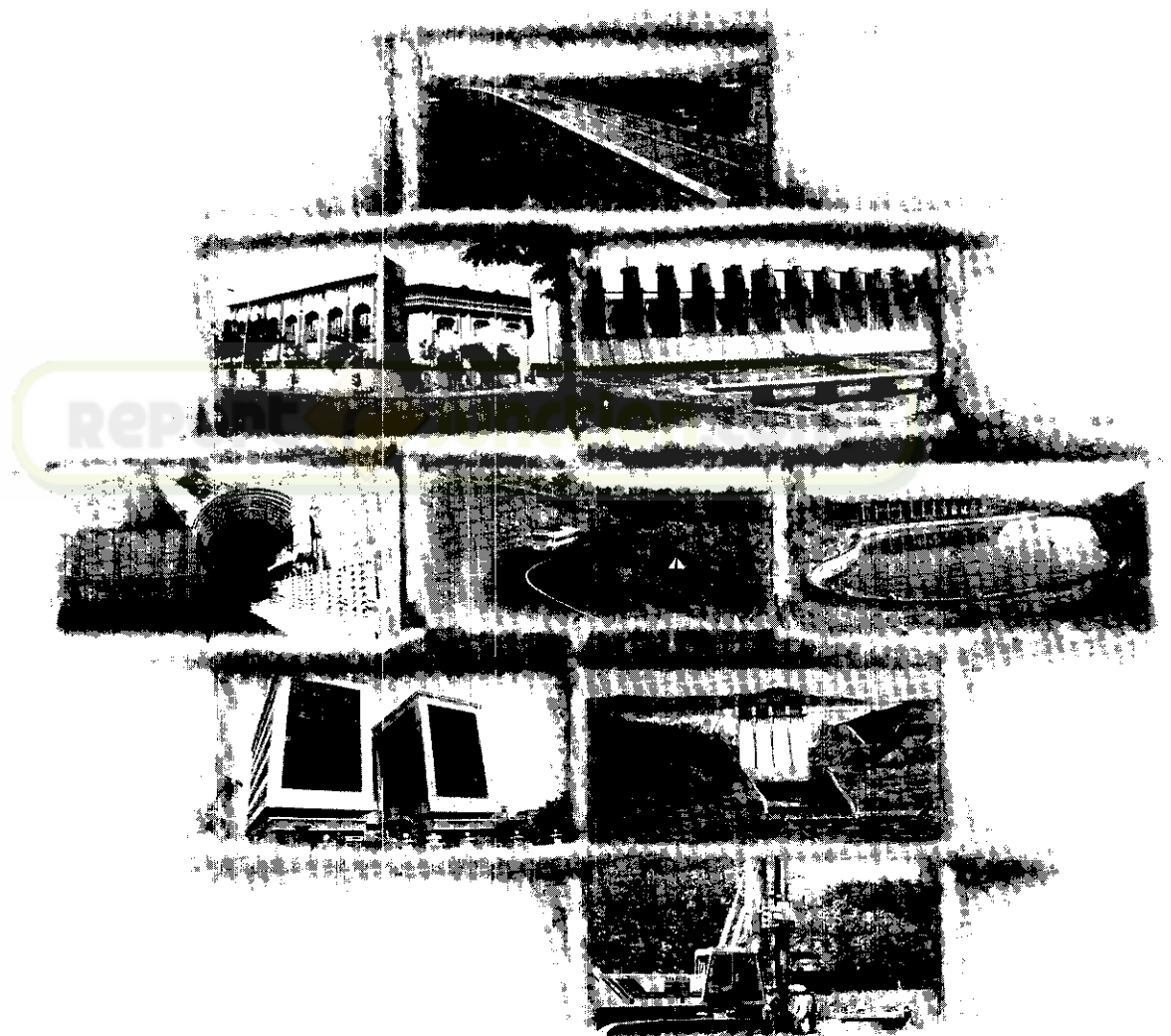


ANNUAL REPORT 1999-2000



VALECHA
Engineers & Contractors

VALECHA ENGINEERING LIMITED

Valecha in the New Millennium

Infrastructure

Report Junction.com

Engineering planning

New technology

VALECHA ENGINEERING LIMITED**Board of Directors**

V. P. Valecha — *Chairman*
 J. K. Valecha — *Managing Director*
 R. H. Valecha — *Whole Time Director*
 M. L. Valecha — *Whole Time Director*
 K. R. Thakur
 Anil Harish
 Alka Bharucha

Management Team

A. B. Gogate — *(General Manager – Engineering)*
 A. D. Nayak — *(General Manager – Marketing)*
 S. Vydianathan — *(General Manager – Finance)*
 Dori Lal — *(General Manager – Contracts/Operations)*
 P. H. Valecha — *(Senior Executive)*
 D. H. Valecha — *(Senior Executive)*
 U. H. Valecha — *(Senior Executive)*

Company Secretary

Kavita V. Valecha

Auditors

M/s. D. M. Jani & Co.
 Chartered Accountants

Bankers

State Bank of India
 Canara Bank
 Saraswat Co-operative Bank Ltd.

Registrars and Transfer Agents

Nucleus Shares Custodian Services Ltd.
 "Arambha", Saki Vihar Road,
 Opp. L & T Gate No. 7,
 Powai, Andheri (East), Mumbai-400 072.
 Tel : 857 0334/857 8927 Fax : 857 8352

Registered Office

"Valecha Chambers", 4th Floor,
 Plot No. B-6, Andheri New Link Road,
 Andheri (West), Mumbai-400 053.
 Tel : 639 3335/39/42/58/59 Fax : 633 8001
 E-mail: valeng@bom3.vsnl.net.in

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Notice

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of VALECHA ENGINEERING LIMITED will be held on Wednesday, the 20th September, 2000 at 4.00 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubhash Marg, Mumbai - 400 001, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2000, the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ramchand H. Valecha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Madanlal L. Valecha who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto and subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. Ramchand H. Valecha as the Whole Time Director of the Company for a period of two years with effect from 1st July, 1999, upon the terms and conditions as set out in the draft Agreement submitted to this Meeting and contained in the explanatory statement of the notice of this meeting and with further liberty to the Board, from time to time, to alter the said terms and conditions in such manner as

may be agreed to between the Board and Mr. Ramchand H. Valecha in the best interest of the Company within the limitation in that behalf as contained in Schedule XIII to the Act or otherwise as may be permissible at law.

RESOLVED FURTHER THAT the remuneration and perquisites as set out in the draft Agreement submitted to this meeting and contained in the explanatory statement be paid to Mr. Ramchand H. Valecha as minimum remuneration notwithstanding that in any financial year of the Company during his whole tenure as Whole Time Director the Company has made no profit or the profits are inadequate."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto and subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. Madanlal L. Valecha as the Whole Time Director of the Company for a period of two years with effect from 1st July, 1999, upon the terms and conditions as set out in the draft Agreement submitted to this Meeting and contained in the explanatory statement of the notice of this meeting and with further liberty to the Board, from time to time, to alter the said terms and conditions in such manner as may be agreed to between the Board and Mr. Madanlal L. Valecha in the best interest of the Company within the limitation in that behalf as contained in Schedule XIII to the Act or otherwise as may be permissible at law.

RESOLVED FURTHER THAT the remuneration and perquisites as set out in the draft Agreement submitted to this meeting and contained in the explanatory statement be paid to Mr. Madanlal L. Valecha as minimum remuneration notwithstanding that in any financial year of the Company during his whole tenure as Whole Time Director the Company has made no profit or the profits are inadequate."

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Notes:

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

The instrument of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

- (B) The Register of Members and Share Transfer Books of the Company will remain closed from 11/9/2000 to 20/9/2000 both days inclusive.

- (C) The explanatory statement as required under section 173(2) of the Companies Act, 1956, in relation to the Special Business of the meeting is annexed hereto.

- (D) The Dividend on shares as may be declared at the meeting, will be payable on or after 25th October, 2000 to those shareholders whose names appear in the Register of Members as on 20th September, 2000.

- (E) Shareholders are requested to promptly notify any changes in their address and other mandates to the Company quoting their Folio No. in all correspondence.

- (F) Any member requiring further information on Accounts at the meeting is requested to send queries in writing to the Company's Registered Office so as to reach on or before 11/9/2000.

By order of the Board

Mumbai
31st July 2000

Kavita V. Valecha
Company Secretary

Registered Office:

"Valecha Chambers",
4th Floor, Plot No. B-6,
Andheri New Link Road,
Andheri (West), Mumbai - 400 053.

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Annexure to the Notice

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No. 6

Mr. Ramchand H. Valecha was appointed as Whole Time Director with effect from 1st July, 1994 for a period of 5 years. Mr. Ramchand H. Valecha was re-appointed as Whole Time Director by the Board with effect from 1st July, 1999 for a period of 2 years.

The draft agreement between the Company and Mr. Ramchand H. Valecha contains inter-alia the following Principal terms and conditions:

1. The Whole Time Director shall conduct the day to day management of the Company subject to the supervision and control of the Board of Directors.
2. Period of agreement : 2 years
3. Remuneration (Effective from 1st July 1999).
 - (a) Salary : Salary of Rs. 30,500/- (Rupees Thirty Thousand Five Hundred only) per Month (with an increase of 10% every year) w.e.f. 1st July, 1999.

(b) Perquisites :

PART - A

- (i) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to ceiling of 10% of the salary.
- (ii) The Company shall reimburse the Whole Time Director medical expenses for self and family, subject to a ceiling of one month's salary in a year or three months salary in a block of three years.
- (iii) The Company shall reimburse to the Whole Time Director actual traveling expenses for proceeding on leave from Mumbai to any place in India and returning therefrom once in a year for self and family.

- (iv) The Company shall arrange to insure the Whole Time Director against personal accident risk, subject to the condition that the premium payable by the Company shall not exceed Rs. 1,000/- (Rupees One Thousand Only) per month.

Family means spouse, dependent children and dependent parents of the Whole Time Director.

PART - B

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-

PART - C

Provision of the car for use of company's business and telephone at residence will not be considered perquisite. Personal long distance calls and use of car for private purposes shall be billed by the company to the Whole Time Director.

- (i) The terms and conditions of the said appointment/re-appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
 - (ii) The agreement may be terminated by either party giving the other party three month's notice.
 - (iii) If at any time the Whole Time Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Whole Time Director.
6. The Whole Time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors of the Company or any committee or committees thereof.

7. The Whole Time Director shall be entitled to leave, on full pay allowance, at the rate of one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

The draft agreement is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors other than Mr. Ramchand H. Valecha, is in any way concerned or interested in the said resolution in this item.

This may be treated as an abstract of the agreement between the Company and Mr. Ramchand H. Valecha, pursuant to section 302 of the Companies Act, 1956.

Item No. 7

Mr. Madanlal L. Valecha was appointed as Whole Time Director with effect from 1st July, 1994 for a period of 5 years. Mr. Madanlal L. Valecha was re-appointed as Whole Time Director by the Board with effect from 1st July, 1999 for a period of 2 years.

The draft agreement between the Company and Mr. Madanlal L. Valecha contains inter-alia the following Principal terms and conditions:

1. The Whole Time Director shall conduct the day to day management of the Company subject to the supervision and control of the Board of Directors.
2. Period of agreement : 2 years
3. Remuneration (Effective from 1st July 1999).

(a) Salary : Salary of Rs. 30,500/- (Rupees Thirty Thousand Five Hundred only) per Month (with an increase of 10% every year) w.e.f. 1st July, 1999.

(b) Perquisites :

PART - A

- (i) The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to ceiling of 10% of the salary.
- (ii) The Company shall reimburse the Whole Time Director medical expenses for self and family, subject to a ceiling of one month's salary in a year or three months salary in a block of three years.
- (iii) The Company shall reimburse to the Whole Time Director actual traveling expenses for proceeding on leave from Mumbai to any place in India and returning therefrom once in a year for self and family.
- (iv) The Company shall arrange to insure the Whole Time Director against personal accident risk, subject to the condition that the premium payable by the company shall not exceed Rs. 1,000/- (Rupees One Thousand Only) per month.

Family means spouse, dependent children and dependent parents of the Whole Time Director.

PART - B

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

PART - C

Provision of the car for use of company's business and telephone at residence will not be considered perquisite. Personal long distance calls and use of car for private purposes shall be billed by the company to the Whole Time Director.

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- (i) The terms and conditions of the said appointment/re-appointment and/or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
 - (ii) The agreement may be terminated by either party giving the other party three month's notice.
 - (iii) If at any time the Whole Time Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Whole Time Director.
6. The Whole Time Director shall not be entitled to sitting fees for attending meetings of the Board of Directors of the Company or any committee or committees thereof.
7. The Whole Time Director shall be entitled to leave, on full pay allowance, at the rate of one month for every eleven months of service. Leave accumulated but not availed of shall not be allowed to be encashed.

The draft agreement is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

Your Directors recommend the resolution for your approval.

None of the Directors other than Mr. Madanlal L. Valecha, is in any way concerned or interested in the said resolution in this item.

This may be treated as an abstract of the agreement between the Company and Mr. Madanlal L. Valecha, pursuant to section 302 of the Companies Act, 1956.

By order of the Board

Mumbai
31st July 2000

Registered Office:

"Valecha Chambers",
4th Floor, Plot No. B-6,
Andheri New Link Road,
Andheri (West), Mumbai - 400 053.

Kavita V. Valecha
Company Secretary

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Directors' Report

To The Members,

The Directors present their Twenty Third Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2000.

1. Financial Results:

| | (Rs. in lacs) | |
|--|----------------|----------------|
| | 1999-2000 | 1998-99 |
| Net Sales/Income from Operations | 4466.20 | 3371.12 |
| Other Income | 282.70 | 131.49 |
| | <u>4748.90</u> | <u>3502.61</u> |
| Less: Total Expenditure | 3903.65 | 2814.23 |
| Gross Profit before interest | | |
| Depreciation and Taxes | 845.25 | 688.38 |
| Less: Interest | 160.52 | 209.17 |
| Profit before depreciation and Taxes | 684.73 | 479.21 |
| Less: Depreciation | 107.99 | 89.12 |
| Profit before Taxes | 576.74 | 390.09 |
| Less: Provision for Taxes | 140.00 | 105.00 |
| Profit after taxes | 436.74 | 285.09 |
| Paid-up equity share capital | 300.00 | 300.00 |
| Reserves (Excluding revaluation reserves) | 1599.15 | 1264.55 |
| E.P.S. | 14.56 | 9.50 |

2. Dividend:

The Directors recommend payment of dividend of Rs. 2.70 per share (Previous Year Rs. 2.50 per share) for the year ended 31st March, 2000 on fully paid Equity Shares, if approved by the members at the Twenty Third Annual General Meeting to be held on 20th September, 2000.

3. Operations:

During the year under review, the turnover has increased to Rs. 4466.20 lacs from Rs. 3371.12 lacs in 1998-99 representing an increase of 32.48%. The Profit Before Tax (PBT) has increased by 47.84% from Rs. 390.09 lacs in the previous year to Rs. 576.74 lacs for the year 1999-2000. The Profit After Tax (PAT) is Rs. 436.74 lacs for the year 1999-2000 as compared to PAT of Rs. 285.09 for the previous year representing a rise of 53.19%.

4. Fixed Deposits:

During the Financial Year 1999-2000 the Company has accepted deposits amounting to Rs. 188.61 lacs.

5. Outlook And Review:

The new millennium augurs well for the Indian Infrastructure. The initial indicators are that the road sector may finally be in the reckoning for funding by the largest multilateral lending agency in the world, the World Bank. The Government has announced a major initiative for road development, the National Highway Development Project (NHDP). In the Finance Bill 2000-2001 infrastructure development got a focused incentive by deletion of existing provision 54EA and 54EB and replacement with a new provision, whereby tax exemption from capital gains would be available only if investments made in bonds to be issued by National Bank

