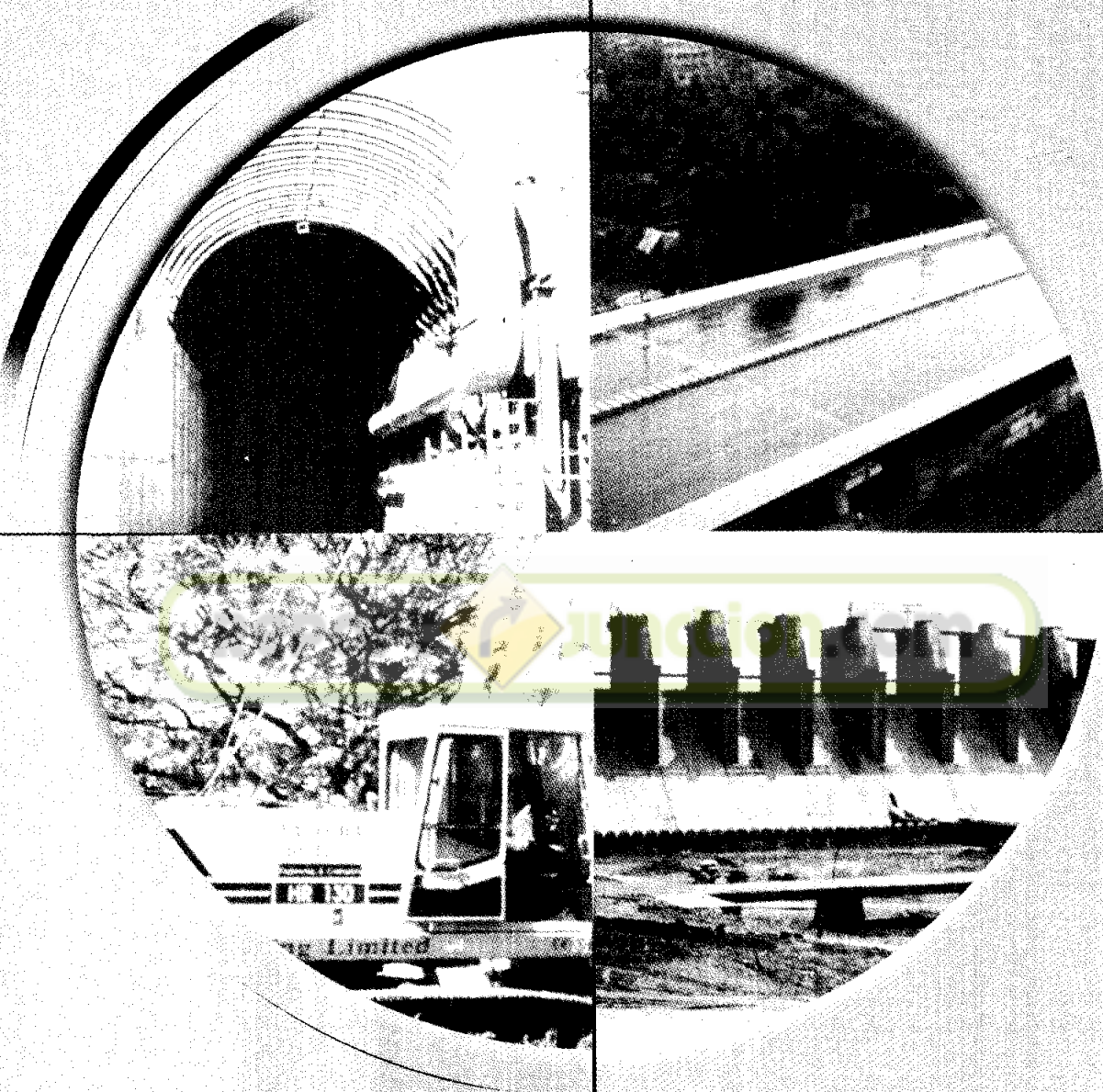


ANNUAL REPORT 2000-2001



VALECHA

Engineers & Contractors

VALECHA ENGINEERING LIMITED

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
 S. N. Kavi — Whole Time Director
 K. R. Thakur
 Anil Harish
 Alka Bharucha

Management Team

A. B. Gogate — (General Manager - Engineering)
 A. D. Nayak — (General Manager - Marketing)
 Dori Lal — (General Manager - Contracts/Operations)
 K. B. Khanna — (Vice President - Plant & Equipment)
 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 Net Soft & GIS India Ltd.
 "Nucleus House", 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 3335/6324227/6361882 Fax : 633 8001
 E-mail : valeng@bom3.vsnl.net.in

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VALECHA ENGINEERING LIMITED

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of VALECHA ENGINEERING LIMITED will be held on Wednesday, the 19th September, 2001 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, 2001, 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. K. R. Thakur who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Alka Bharucha who retires by rotation and being eligible, offers herself 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 267, 268, 269, 309 & 310 of the Companies Act 1956 (the "Act") read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act 1956 and subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. Jagdish K. Valecha as Managing Director of the Company for a period of 2 years with effect from 11th June, 2001, upon the terms and conditions as set out in the 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. Jagdish K. 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 Agreement submitted to this meeting and contained in the explanatory statement be paid to Mr. Jagdish K. Valecha as minimum remuneration but subject to the limitation in that behalf as contained in Schedule XIII to the Act or otherwise as may be permissible at law, notwithstanding that in any financial year of the Company during his whole tenure as Managing 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 a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 of the Companies Act 1956 (the "Act") read with Schedule XIII thereto and other applicable provisions, if

any, of the Companies Act 1956 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 2 years with effect from 1st July, 2001, upon the terms and conditions as set out in the 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 Agreement submitted to this meeting and contained in the explanatory statement be paid to Mr. Ramchand H. Valecha as minimum remuneration but subject to the limitation in that behalf as contained in Schedule XIII to the Act or otherwise as may be permissible at law, 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."

8. To consider and, if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 of the Companies Act 1956 (the "Act") read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act 1956 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 2 years with effect from 1st July, 2001, upon the terms and conditions as set out in the 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 Agreement submitted to this meeting and contained in the explanatory statement be paid to Mr. Madanlal L. Valecha as minimum remuneration but subject to the limitation in that behalf as contained in Schedule XIII to the Act or otherwise as may be permissible at law, 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."

9. APPOINTMENT OF MR. S. N. KAVI AS DIRECTOR

To consider and, if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT MR. S. N. Kavi, who was appointed as an Additional Director of the Company by the Board with effect from 1st January, 2001 and who in terms of Section 260 of the

Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notices from some members under section 257 of the Companies Act, 1956, signifying their intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company."

10. APPOINTMENT OF MR. S. N. KAVI AS WHOLE TIME DIRECTOR

To consider and, if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 of the Companies Act 1956 (the "Act") read with Schedule XIII thereto and other applicable provisions, if any, of the Companies Act 1956, and subject to such approval as may be necessary, the Company hereby approves the appointment of Mr. S. N. Kavi as the Whole Time Director of the Company for a period of 2 years with effect from 1st January, 2001 upon the terms and conditions as set out in the 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. S. N. Kavi 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 Agreement submitted to this meeting and contained in the explanatory statement be paid to Mr. S. N. Kavi as minimum remuneration but subject to the limitation in that behalf as contained in Schedule XIII to the Act or otherwise as may be permissible at law, 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."

11. REMUNERATION TO NON-EXECUTIVE DIRECTORS.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded for payment of commission to Non-Executive Directors of the Company upto 1% of the Company's net profit as calculated under Sections 349/350 of the Companies Act, 1956, from the financial year 2001-2002 onwards to be distributed amongst the Directors as may be decided by the Board from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution."

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 10/9/2001 to 19/9/2001 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 before 18th October, 2001 to those shareholders whose names appear in the Register of Members as on 19th September, 2001.
- E) The Company has transferred the unclaimed dividend upto the financial year ended March 31, 1995, to the General Revenue Account of the Central Government. The members who have not claimed their dividend for the Financial years 1995-96, 1996-1997, 1997-98, 1998-99, 1999-2000 are requested to claim it from the Company immediately.
- F) The Shares of the Company have been listed and the trading has commenced on the Stock Exchange Mumbai with effect from 11th December, 2000. The Company continues to list on OTC Exchange of India also. The Company has also entered into an Agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) to facilitate the Shareholder to hold and trade Company's equity shares in electronic form. Address where Dematerialisation request alongwith the physical certificates will be accepted is : Nucleus Netsoft & GIS India Ltd., "Nucleus House", Sakivihar Road, Opp. L & T, Gate No.7, Andheri (East), Mumbai - 400 072.
- G) Shareholders are requested to promptly notify any changes in their address and other mandates to the Company quoting their Folio No. in all correspondence.
- H) 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 10/9/2001.
- I) All documents referred to in the above notice and the accompanying Explanatory Statement are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m.

By order of the Board

Mumbai
31st July, 2001.

KAVITA V. VALECHA
Company Secretary

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

Annexure to the Notice

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

Item No.3

Mr. K. R. Thakur is B. E. (Mechanical) and has long experience of over 35 years in top management position. He has been on the board of the Company since December 1993. He is a Managing Director in Jyoti Structures Limited, and Director in JSL Finance Ltd., Jyoti Acquaculture Pvt. Ltd. and Valmir Constructions Pvt. Ltd. Mr. K. R. Thakur is also a member and chairman of the Audit Committee of the Board of Valecha Engineering Limited.

Item No.4

Mrs. Alka Bharucha is Solicitor by profession and associated with Amarchand & Mangaldas & Suresh Shroff & Co., a firm of Solicitors at Mumbai, she has been on the board of the Company since December 1993. She is also a Director in Safalya Investment & Trades Pvt. Ltd., Steelage Industries Limited and Suyojit Investments & Engineering Pvt. Ltd. Mrs. Alka Bharucha is also a member of the Audit Committee of the Board of Valecha Engineering Limited.

Item No.6

Mr. Jagdish K. Valecha was appointed as Managing Director with effect from 11th June, 1996 for a period of 5 years. Mr. Jagdish K. Valecha was reappointed as Managing Director by the Board with effect from 11th June, 2001 for a period of 2 years.

The Principal terms and conditions of the agreement appointing Mr. Jagdish K. Valecha are :

1. The Managing 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 11th June, 2001).
 - a) Salary : Salary of Rs.50,000/- (Rupees Fifty Thousand only) per Month w.e.f. 11th June, 2001 and Rs.55,000/- (Rupees Fifty Five Thousand only) w.e.f. 11th June, 2002.
 - 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.

- ii) The Company shall reimburse the Managing 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 Managing Director actual travelling 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 Managing 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 Managing 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.3,50,000 or such other ceiling as may be prescribed by the Gratuity Act or Company's Gratuity Scheme.

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 Managing 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 Managing Director ceases to be a

Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

4. The Managing 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.
5. The Managing 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 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. Jagdish K. Valecha, is in any way concerned or interested in the said resolution in this item.

Mr. Jagdish K. Valecha aged 41 years is B. Com. by qualification having over 20 years of experience in execution of Civil Construction Works. He is also a Director in Valecha Infrastructure Limited.

Item No.7

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 with effect from 1st July, 1999 for a period of 2 years and was again re-appointed as Whole Time Director by the Board with effect from 1st July, 2001 for a period of 2 years.

The Principal terms and conditions of the agreement appointing Mr. Ramchand H. Valecha are :

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, 2001).
 - a) Salary : Salary of Rs.45,000/- (Rupees Forty Five Thousand only) per Month w.e.f. 1st July, 2001 and Rs.50,000/- (Rupees Fifty Thousand only) w.e.f. 1st July, 2002.
 - 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.

- 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 travelling 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.3,50,000/- or such other ceiling as may be prescribed by the Gratuity Act or Company's Gratuity Scheme.

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.
4. 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.

5. 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 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.

Mr. Ramchand H. Valecha aged 62 years is B. A. by qualification having over 40 years of experience in execution of Civil Construction Works. He is also a Director in Juhu Beach Real Estate Private Limited.

Item No.8

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 with effect from 1st July, 1999 for a period of 2 years. Mr. Madanlal L. Valecha was again re-appointed as Whole Time Director by the Board with effect from 1st July, 2001 for a period of 2 years.

The principal terms and conditions of the agreement appointing Mr. Madanlal L. Valecha are :

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, 2001).
 - a) Salary : Salary of Rs.35,000/- (Rupees Thirty Five Thousand only) per Month w.e.f. 1st July, 2001 and Rs.40,000/- (Rupees Forty Thousand only) w.e.f. 1st July, 2002.

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.
- 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 travelling 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.3,50,000/- or such other ceiling as may be prescribed by the Gratuity Act or Company's Gratuity Scheme.

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.
4. 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.

5. 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 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.

Mr. Madanlal L. Valecha aged 58 years D.C.E. by qualification having over 35 years of experience in execution of Civil Construction Works. He is also Director in Gopaldas Vasudev Construction Private Limited.

Item No.9 and 10

Mr. S. N. Kavi graduated in Civil Engineering (B.E. Civil) in 1963 and thereafter did his post graduation in Structural Engineering and obtained his M.I. Struct. E. degree. He is also a fellow member of various prestigious Civil Engineering institutions such as F.I.E. (Fellow of Institution of Engineering) F.I.I.B.E. (Fellow of Institution of Bridge Engineers) M.I.R.C. (Life member of Indian Road Congress) etc.

Besides these academic qualifications, he has a proven record of very long experience of over 37 years as an engineer in the field of designs and engineering management of huge jobs. He equally possesses administrative experience to professionally administer several number of huge projects at any one time.

Mr. S. N. Kavi has been associated with the Company as prime consultant on Major Projects of the Company since more than 15 years. This close association brought about incorporation of Mr. S. N. Kavi on the Board of Company and Mr. S. N. Kavi was appointed as an Additional Director and Whole Time Director by the Board at their meeting held on 26th December 2000 with effect from 1st January, 2001 for a period of 2 years.

The Principal terms and conditions of the agreement appointing Mr. S. N. Kavi are :

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 January, 2001).
 - 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 January, 2001.

- 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.
- 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 travelling 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.3,50,000 or such other ceiling as may be prescribed by the Gratuity Act or Company's Gratuity Scheme.

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.
4. 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.
 5. 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 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. S. N. Kavi, is in any way concerned or interested in the said resolution in this item.

Item No. 11

In view of the Compliance of the requirements of the Corporate Governance under the listing agreement, the Board has decided to set up different committees wherein the Non-Executive Directors are expected to play an important role. It is considered necessary that the Non-Executive Directors having professional expertise would contribute their valuable knowledge and experience for development of the Company. It is therefore advisable that Non-Executive Directors be compensated suitably in relation to the

percentage of net profit of the Company.

The Companies Act, 1956, provides for payment of commission to Non-Executive Directors on a yearly basis @ 1% of the net profit of a company calculated as per Sections 349/350. It is proposed that your Company do also pay commission to Non-Executive Directors upto 1% of its profit every year to be distributed amongst them as may be decided by the Board. For the said payment, approval of the shareholders is required by way of passing a Special Resolution.

The Board recommends passing of the Resolution as set out in Item No. 11 of the accompanying Notice.

None of the Directors are interested in this resolution except those Non-Executive Directors who would be receiving commission as above.

By order of the Board

Mumbai
31st July, 2001.

KAVITA V. VALECHA
Company Secretary

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

DIRECTORS' REPORT

To The Members,

The Directors present their Twenty Fourth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2001.

	(RS. IN LACS)	
1. Financial Results	2000-2001	1999-2000
Net Sales/Income From Operations	2762.96	4466.20
Other Income	517.08	<u>282.70</u>
	3280.04	4748.90
Less: Total Expenditure	2438.80	<u>3903.65</u>
Gross Profit Before Interest Depreciation And Taxes	841.24	845.25
Less: Interest	59.54	<u>160.52</u>
Profit Before Depreciation And Taxes	781.70	684.73
Less: Depreciation	99.68	<u>107.99</u>
Profit Before Taxes	682.02	576.74
Less: Provision For Taxes	148.42	<u>140.00</u>
Profit After Taxes	533.60	436.74
Paid-Up Equity Share Capital	300.00	<u>300.00</u>
Reserves (Excluding Revaluation Reserves)	2052.35	1599.15
E.P.S.	17.79	14.56

2. Dividend :

The Directors recommend payment of dividend of Rs.2.50 per share (Previous Year Rs.2.70 per share) for the year ended 31st March, 2001 on fully paid Equity Shares, if approved by the members at the Twenty Fourth Annual General Meeting to be held on 19th September 2001.

3. Operations :

During the year under review, the turnover has decreased to Rs.2762.96 lacs from Rs.4466.20 lacs in 1999-2000 representing an decrease of 38.14%. The Profit Before Tax (PBT) has increased by 18.25% from Rs.576.74 lacs in the previous year to Rs.682.02 lacs for the year 2000-2001. The Profit After Tax (PAT) is

Rs.533.60 lacs for the year 2000-2001 as compared to PAT of Rs.436.74 for the previous year representing a rise of 22.17%.

4. Fixed Deposits :

The Deposits as on 31st March 2001 are Rs.3.27 Crores.

5. Outlook And Review :

The Infrastructure sector received a fair share of budgetary support in form of 9.3% increase in the total plan outlay for the road sector. The Union Budget for the year 2001-2002 also provided incentive in form of 10 year tax holiday for the core infrastructure sectors of roads and highways and other sectors which can be availed during the first 20 years of operation.

The Ministry of Finance has decided to provide funds for the prestigious Golden Quadrilateral Project in advance to facilitate completion of the work ahead of schedule. The company has been prequalified for the Golden Quadrilateral Projects of NHAI.

During the year 2000-2001 the company got total work order of Rs.65.00 crores that includes Guwahati Bypass under NHAI, Dimapur Airport with AAI and Panchyati Raj Road works in Andhra Pradesh. In the current year the company has received work order for Rajpura-Patiala Road Project for Rs. 17 crores in the State of Punjab and Shopping Mall Building work of Rs. 5.00 crores in Mumbai. With this the order book position as on report date is Rs.88.04 crores.

The company has been pre-qualified in Joint Venture with MTD Malaysia for Port Connectivity Road Projects totalling to Rs.450.00 crores. The company is actively participating in BOT projects and has quoted for Pune Ahmednagar Ring Road tender. During the year 2000-2001 the company has quoted tenders for Highways, Flyovers, Bridges, Airports, Tunnels, Dams and other projects worth Rs.1000 crores.

6. Listing on Stock Exchange Mumbai :

Board of Directors have the pleasure in informing you that Shares of Valecha Engineering Limited have been listed on the Stock Exchange Mumbai with effect from 11th December, 2000. The Shares continue to list on OTC Exchange of India also.

Your Company will now have greater reach and access to all the classes of investors thereby affording the necessary liquidity and visibility for the Company.

7. Directors :

In accordance with the provisions of Articles of Association of the Company and the Companies Act, 1956, Mr. K. R. Thakur and Mrs. Alka Bharucha retire by rotation and are eligible for re-appointment. Mr. J. K. Valecha, was re-appointed by the Board of Directors as Managing Director with effect from 11th June, 2001