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Valecha
VALECHA ENGINEERING LIMITED

VALECHA

Engineers & Contractors

Annual Report 2002-2003

Registration Certificate

*This is to certify that the
Management Systems of*

Valecha Engineering Ltd.

*have been assessed by
International Certifications Ltd
and found to comply with the requirements of*

ISO 9001:2000

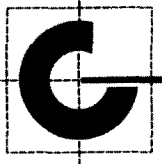
DBand

73357.03

Managing Director

Certificate Number

JAS-ANZ



Accreditation by the Joint Accreditation System of Australia and New Zealand, Acc No. S1400594NA.

The scope of registration is defined on the Registration Schedule that accompanies this certificate.

VALECHA ENGINEERING LIMITED

Board of Directors

V. P. Valecha — *Chairman*
 J. K. Valecha — *Managing Director*
 R. H. Valecha — *Executive Director*
 M. L. Valecha — *Executive Director*
 S. N. Kavi — *Executive Director*
 G. Ramachandran
 Anil Harish
 Alka Bharucha

Company Secretary

Kavita Valecha Sharma

Auditors

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

Bankers

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

Solicitors

M/s. Amarchand & Mangaldas &
 Suresh A. Shroff & Co.
 Kirit Damania & Co.

Registrars and Transfer Agents

Tata Share Registry Limited
 Army and Navy Building,
 148, Mahatma Gandhi Road,
 Fort, Mumbai-400 001.
 Tel : 56568484 Fax : 56568494

Registered Office

“Valecha Chambers”, 4th Floor,
 Plot No. B-6, Andheri New Link Road,
 Andheri (West), Mumbai-400 053.
 Tel : 2673 3625, 2673 3238 Fax : 2673 3945
 E-mail: valeng@bom3.vsnl.net.in

Management Team

A. B. Gogate — *President – Projects*
 V. D. Sharma — *Vice President – Projects*
 Dori Lal — *General Manager – Contracts/Operations*
 K. S. Shetty — *Dy. General Manager – Accounts & Finance*
 P. H. Valecha — *Senior Executive*
 D. H. Valecha — *Senior Executive*
 U. H. Valecha — *Senior Executive*

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VALECHA ENGINEERING LIMITED**NOTICE**

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of VALECHA ENGINEERING LIMITED will be held on Friday, the 26th September, 2003 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, 2003, the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. M. L. Valecha who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S. N. Kavi who retires by rotation and being eligible, offers himself for reappointment.
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, 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 the Managing Director of the Company for a period of 2 years with effect from 11th June, 2003, 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 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 an ordinary 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, 2003, 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 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 an ordinary 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, 2003, 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

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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. 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 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. S. N. Kavi as the Whole Time Director of the Company for a period of 1 year with effect from 1st January, 2003 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 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."

10. To consider and, if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution :

"RESOLVED THAT MR. G. Ramachandran, who was appointed as an Additional Director of the Company with effect from 30th December, 2002 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, liable to retire by rotation."

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 19/09/2003 to 26/09/2003 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 25th October, 2003 to those shareholders whose names appear in the Register of Members as on 26th September, 2003. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

- (E) Pursuant to Section 205C of the Companies Act, 1956, the Company will be transferring in October, 2003, the unclaimed dividend for the year 1995-96 to the Investor's Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrants so far, for the Financial Year ended on 31st March, 1996 or any subsequent financial years are requested to make their claims addressed to:

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

It may also be noted that once the unclaimed dividend is transferred to the credit of the said Fund, as above, no claim shall lie in respect thereof.

- (F) The Company has 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 : Tata Share Registry Limited, 148, Mahatma Gandhi Road, Fort, Mumbai - 400 001.
- (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 17/09/2003.
- (I) The Company's equity shares are listed on BSE and OTC Exchange of India. Further, the Listing Fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges upto the financial year 2003-2004.

By order of the Board

Mumbai
31st July, 2003.

KAVITA VALECHA SHARMA
Company Secretary

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

Details of Directors seeking appointment/reappointment in the 26th Annual General Meeting fixed on 26th September, 2003 :

(1)	Name :	Mr. J. K. Valecha
	Age :	43 years
	Qualifications :	B. Com.
	Expertise/Occupation :	Over 20 years of experience in execution of Civil Construction Work.
	Other Directorship :	Valecha Infrastructure Ltd, F2Fun & Fitness (India) Pvt. Ltd., First Fitness (India) Pvt. Ltd.
(2)	Name :	Mr. R. H. Valecha
	Age :	64 years
	Qualifications :	B. A.
	Expertise/Occupation :	Over 45 years of experience in execution of Civil Construction Work.
	Other Directorship :	Juhu Beach Real Estate Pvt. Ltd.
(3)	Name :	Mr. M. L. Valecha
	Age :	60 years
	Qualifications :	D.C.E.
	Expertise/Occupation :	Over 40 years of experience in execution of Civil Construction Work.
	Other Directorship :	Gopaldas Vasudev Construction Pvt. Ltd.
(4)	Name :	Mr. S. N. Kavi
	Age :	61 years
	Qualifications :	B.E. (Civil) M.I.E., Diploma in Construction Management
	Expertise/Occupation :	Over 40 years of experience in execution of Civil Construction Work.
	Other Directorship :	NIL
(5)	Name :	Mr. G. Ramachandran
	Age :	43 years
	Qualifications :	Chartered Accountant
	Expertise/Occupation :	Chartered Accountant over 20 years of experience in the field of Investment, Banking, Consultancy, Business process and Organizational Development.
	Other Directorship :	Karrox Technologies Ltd., Tower Capital & Securities Pvt. Ltd., Brand Vision (India) Pvt. Ltd., F2Fun & Fitness (India) Pvt. Ltd., First Fitness (India) Pvt. Ltd.

ANNEXURE TO THE NOTICE**Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.****Item No. 6**

Mr. Jagdish K. Valecha was reappointed as Managing Director with effect from 11th June, 2001 for a period of 2 years, as approved by the shareholders at their Annual General Meeting held on 19th September, 2001. Mr. Jagdish K. Valecha was reappointed as Managing Director by the Board with effect from 11th June, 2003 for a period of 2 years at its meeting held on 10th June, 2003.

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

- The Managing Director shall conduct the day to day management of the Company subject to the supervision and control of the Board of Directors.
- Period of agreement : 2 Years.
- Remuneration (Effective from 11th June, 2003).
 - Salary : Salary of Rs. 61,000/- (Rupees Sixty One Thousand only) per Month w.e.f. 11th June, 2003 (an increase of 10% w.e.f. 11th June, 2004).
 - Perquisites :

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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 as 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/reappointment 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.

Item No. 7

Mr. Ramchand H. Valecha was reappointed as Whole Time Director with effect from 1st July, 2001 for a period of 2 years, as approved by the shareholders at their Annual General Meeting held on 19th September, 2001. Mr. Ramchand H. Valecha was reappointed by the Board with effect from 1st July, 2003 for a period of 2 years at its meeting held on 10th June, 2003.

The Principal terms and conditions of the agreement reappointing 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, 2003).
 - (a) Salary : Salary of Rs. 56,000/- (Rupees Fifty Six Thousand only) per Month w.e.f. 1st July, 2003 (an increase of 10% w.e.f. 1st July, 2004).

(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

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.

PART – C

Provision of the car for use of company's business and telephone at residence will not be considered as perquisite. Personal long distance calls and use of car for private

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purposes shall be billed by the company to the Whole Time Director.

- (i) The terms and conditions of the said appointment/reappointment 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.

Item No. 8

Mr. Madanlal L. Valecha was reappointed as Whole Time Director with effect from 1st July, 2001 for a period of 2 years, as approved by the shareholders at their Annual General Meeting held on 19th September, 2001. Mr. Madanlal L. Valecha was reappointed by the Board with effect from 1st July, 2003 for a period of 2 years at its meeting held on 10th June, 2003.

The Principal terms and conditions of the agreement reappointing 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, 2003).
 - (a) Salary : Salary of Rs. 46,000/- (Rupees Forty Six Thousand only) per Month w.e.f. 1st July, 2003 (an increase of 10% w.e.f. 1st July, 2004).

(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

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.

PART - C

Provision of the car for use of company's business and telephone at residence will not be considered as 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/reappointment 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.

Item No. 9

Mr. S.N. Kavi was appointed as Whole Time Director with effect from 1st January, 2001 for a period of 2 years, as approved by the shareholders at their Annual General Meeting held on 19th September, 2001. Mr. S.N. Kavi was reappointed by the Board with effect from 1st January, 2003 for a period of 1 year at its meeting held on 30th December, 2002.

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The Principal terms and conditions of the agreement reappointing 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 : 1 Year
3. Remuneration (Effective from 1st January, 2003).
 - (a) Salary : Salary of Rs. 36,905/- (Rupees Thirty Six Thousand Nine Hundred and Five only) per Month.
 - (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 as 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/reappointment 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 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. S.N. Kavi, is in any way concerned or interested in the said resolution in this item.

Item No. 10

Mr. G. Ramachandran is a qualified Chartered Accountant from Price Waterhouse Coopers, has over 20 years experience in the Investment Banking, Consulting, Business Process and Organizational Development with stints in Ernst & Young, JM Morgan Stanley, Citibank, Reliance Capital & The Times of India Group to name a few. At present he is involved in coaching and monitoring of Organisations and Institutional build-up process.

Mr. G. Ramachandran has been associated with the Company for over five years. This close association brought about appointment of Mr. G. Ramachandran on the Board as an Additional Director of the Company. Pursuant to Article 82, he is eligible for appointment.

Your Directors recommend the resolution for your approval. None of the Directors other than Mr. G. Ramachandran is in any way concerned or interested in the said resolution in this item.

By order of the Board

Mumbai
31st July, 2003.

KAVITA VALECHA SHARMA
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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DIRECTORS' REPORT

To The Members,

The Directors have pleasure in presenting their Twenty Sixth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2003.

	(Rs. in lacs)	
1. Financial Results	2002-2003	2001-2002
Net Sales/Income From Operations	6110.90	5111.61
Other Income	333.46	358.21
	6444.36	5469.82
Less : Total Expenditure	5445.70	4631.19
Gross Profit Before Interest		
Depreciation And Taxes	998.66	838.63
Less : Interest	221.85	150.63
Profit Before Depreciation And Taxes	776.81	688.00
Less : Depreciation	158.78	125.40
Profit Before Taxes	618.03	562.60
Less : Provision For Taxes	108.10	125.40
Deferred Tax Liabilities	102.74	54.78
Profit After Taxes	407.19	382.42
Paid-Up Equity Share Capital	450.00	300.00
Reserves (Excluding Revaluation Reserves)	1910.45	1737.58
E.P.S. (Rupees)	9.05	12.75

2. Dividend :

The Directors recommend payment of dividend of Rs. 1.80 per share (Previous Year Rs. 1.50 per share) for the year ended 31st March, 2003 on fully paid Equity Shares, if approved by the members at the Twenty Sixth Annual General Meeting to be held on 26th September, 2003.

3. Operations :

During the year under review, the turnover has increased to Rs. 6110.90 lacs from Rs. 5111.61 lacs in 2001-2002 representing an increase of 19.55%. The Profit Before Tax (PBT) has increased by 9.85% from Rs. 562.60 lacs in the previous year to Rs. 618.03 lacs for the year 2002-2003. The Profit After Tax (PAT) is Rs. 407.19 lacs for the year 2002-2003 as compared to PAT of Rs. 382.42 lacs for the previous year representing a increase of 6.48%.

4. Fixed Deposits :

The Deposits as on 31st March, 2003 are Rs. 3.48 Crores.

5. Outlook and Review :

The Company (VEL) has been in the field of construction for more than 25 years and satisfies the pre qualification norms for most sectors in the infrastructure industry. Besides regular flexible pavement roads your Company has vast experience of executing the National Highway projects forming part of the Golden Quadrilateral.

Recently your Company completed the work of Resurfacing of main Runway 09/27 at CSI Air Port, Mumbai ahead of schedule. Similarly the Company has undertaken the challenge of completing the work of Resurfacing of Main Runway at Chennai Airport. The Company has mobilised all its resources to complete the said project within the stipulated time. The Company also successfully completed the Dimapur Airport in Nagaland ahead of schedule. The project of Guwahati Bypass and the project of Four Laning of Satara-Kolhapur Maharashtra State border section of NH-4 Package III, under MSRDC, which is an integral part of Golden Quadrilateral a dream project of our beloved Prime Minister, are moving on fast track and will be completed in schedule.

Your Company has state of the art Mobile Crushers, Asphalt Batch Mix plants, Concrete pavers, Hydraulic Rotary Piling RIGS, Excavators and Mobile Cranes with a constant up gradation as a corporate philosophy. Recently, the company has been awarded piling works by Power Grid Corporation of India Ltd., National Highways Authority of India, National Building Construction Company, and Toyo Engineering, etc. The Company has identified suitable partners for bidding of projects and has honed the fine art of alliance building to bag contracts at competitive rates. The order book position of the Company as on 31st March, 2003 is Rs. 200 Crores. Given the expansion that is taking place in the field of infrastructure your Company is ideally poised to take advantage of these opportunities.

6. Directors :

In accordance with the provisions of Articles of Association of the Company and the Companies Act, 1956, Mr. M. L. Valecha and Mr. S. N. Kavi retire by rotation and are eligible for reappointment. Mr. J. K. Valecha, was reappointed by the Board of Directors as Managing Director with effect from 11th June, 2003 for a period of 2 years and Mr. M. L. Valecha and Mr. R. H. Valecha were reappointed by the Board as Whole Time Directors with effect from 1st July, 2003 for a period of 2 years and Mr. S. N. Kavi was reappointed as Whole Time Director with effect from 1st January, 2003 for a period of 1 year