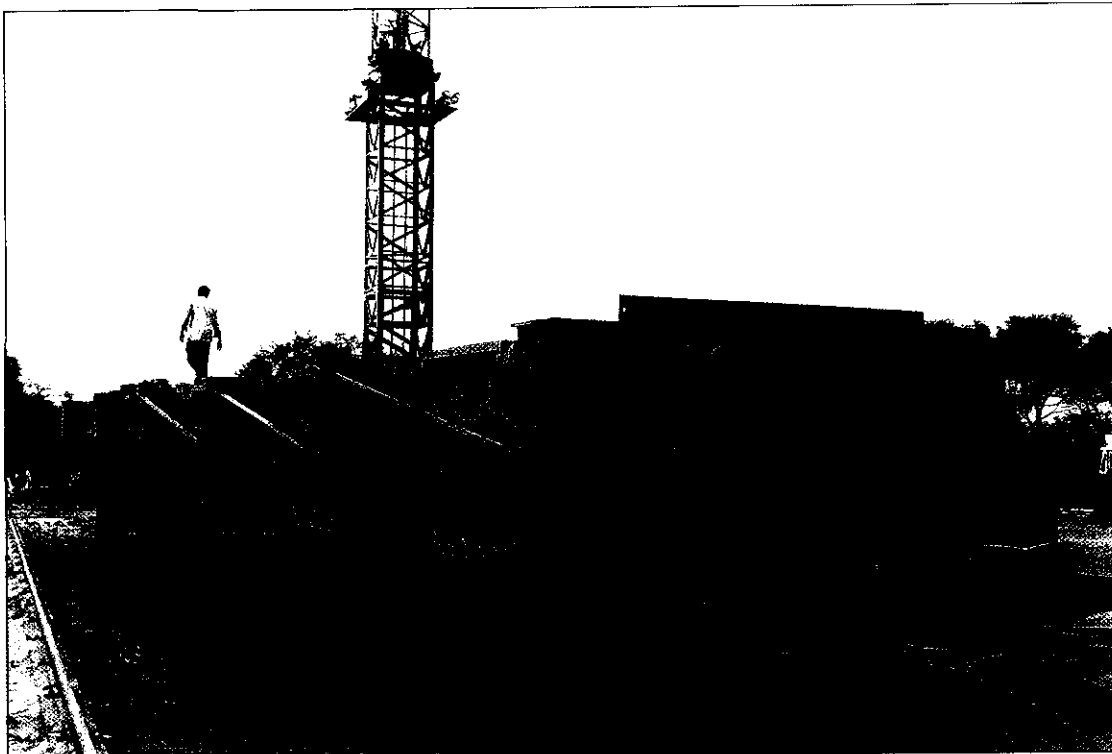


Petron

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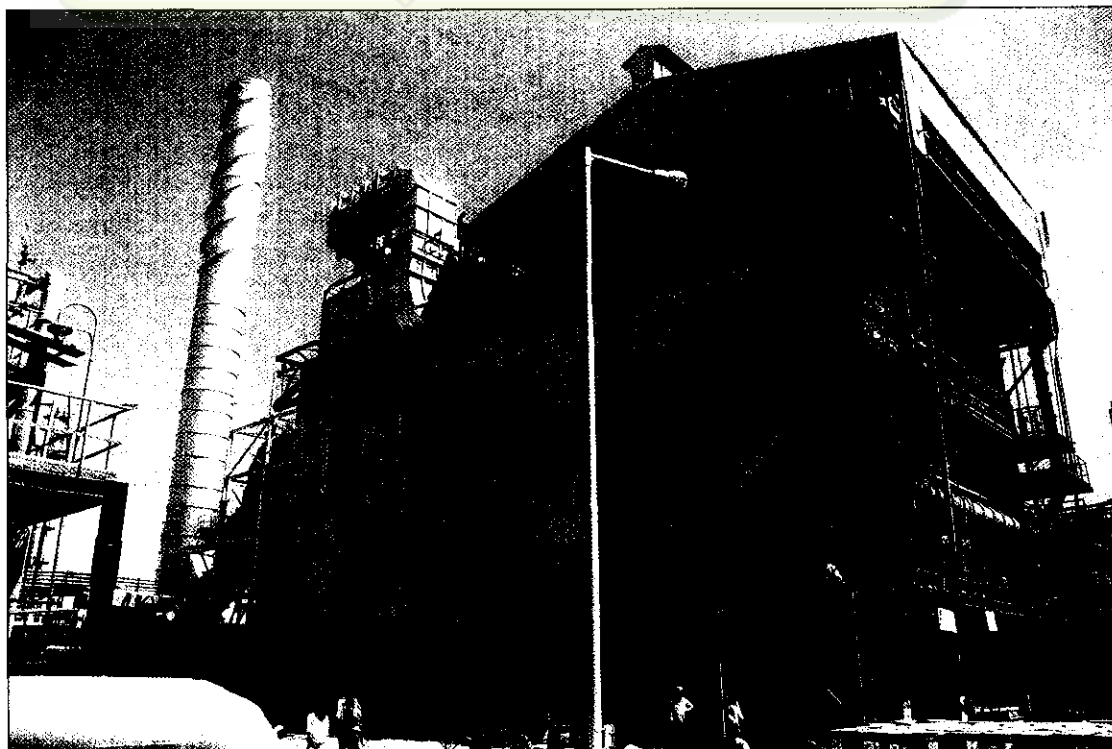
Petron Engineering Construction Ltd.

23rd REPORT
1999



Convection Module Weighing 70 M.T. for V.D.U. Heater for Mathura Refinery Fabricated by Petorfab Division at Dabhasa Works, Vadodara.

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Radiant Section, Convection Section & Stack of Primary Reformer for Chambal Fertilisers & Chemicals Limited - Expansion Project at Kota.

PETRON ENGINEERING CONSTRUCTION LTD.

BOARD OF DIRECTORS

R S AMBEKAR	<i>CHAIRMAN</i>
M K NAIR	<i>MANAGING DIRECTOR</i>
P G VAIDHYANATHAN	<i>DIRECTOR (OPERATIONS)</i>

SENIOR EXECUTIVES

K K RANADE	<i>JOINT PRESIDENT (CONSTRUCTION)</i>
Y A RANE	<i>JOINT PRESIDENT (CONTRACTS)</i>
B B BANIK	<i>SR. VICE PRESIDENT (MARKETING)</i>
S K BASU	<i>VICE PRESIDENT (MECHANICAL DIVISION)</i>
S MITRA	<i>VICE PRESIDENT (INSULATION DIVISION)</i>
R N PANDEY	<i>ASST. VICE PRESIDENT (FINANCE)</i>
A C MAZUMDER	<i>SR. GENERAL MANAGER (QUALITY CONTROL)</i>
NARESH SHAH	<i>JOINT COMPANY SECRETARY</i>

ASST. VICE PRESIDENT (LAW) & COMPANY SECRETARY

K N SALGIA

AUDITORS

**M S SANKARAN & CO.,
CHARTERED ACCOUNTANTS
MUMBAI**

BANKERS

**STATE BANK OF INDIA
SBI COMMERCIAL & INTERNATIONAL BANK LIMITED**

REGISTERED OFFICE

**SWASTIK CHAMBERS, 6TH FLOOR,
SION TROMBAY ROAD,
POST BOX NO. 7206, CHEMBUR,
MUMBAI - 400 071.**

REGISTRARS & TRANSFER AGENTS

**SHAREPRO SERVICES,
SATAM ESTATE, 3RD FLOOR,
ABOVE BANK OF BARODA, CHAKALA,
ANDHERI (E), MUMBAI - 400 099**



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TWENTY THIRD ANNUAL GENERAL MEETING

Day : FRIDAY, THE 3RD SEPTEMBER, 1999

Time : 3.30 P.M.

Place : Swastik Chambers
6th Floor, CST Road,
Chembur,
Mumbai - 400 071.



PETRON ENGINEERING CONSTRUCTION LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the Twenty-third Annual General Meeting of the members of Petron Engineering Construction Limited will be held at the Registered Office of the Company at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400 071 on Friday the 3rd September, 1999 at 3.30 p.m. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' and Auditors' Report and Audited Profit and Loss Account for the six months period ended 31st March, 1999 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To appoint a Director in place of Mr. P. G. Vaidhyanathan who retires by rotation and being eligible offers himself for re-election.
4. To appoint M/s. M S Sankaran & Co., Chartered Accountants, who are eligible for appointment as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

AS SPECIAL BUSINESS

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

"RESOLVED that pursuant to Section 163 of the Companies Act, 1956, (hereinafter called "the Act") consent of the Company, be and is hereby accorded to the keeping of the Registers of Members, Indices of Members, copies of all Annual Returns prepared by the Company under Section 159 of the Act together with copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act or any one or more of them, with effect from 1st July, 1999, at the offices of Messrs. Sharepro Services, the Registrars and Share Transfer Agents, at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099 and/or at Samhita Warehousing Complex, Gala Nos. 52 to 56, Plot No. 13AB, Sakinaka, Mumbai 400 072, instead of at the Registered Office of the Company."

"RESOLVED FURTHER that the Registers, Indices, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Act between the hours of 10.00



a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the Registers and Books are closed under the provisions of the Act or the Articles of Association of the Company.”

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

“RESOLVED that pursuant to the circular issued by the Securities and Exchange Board of India, the provisions of the Listing Agreement and subject to such conditions and modifications as may be imposed in granting such approvals and which may be agreed by the Board of Directors (Board), the consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from The Stock Exchange, Ahmedabad, with effect from 1st October, 1999.”

“FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts and things as may be necessary for the purpose of giving effect to the above resolution.”

BY ORDER OF THE BOARD

Place : Mumbai

Dated : 7th July, 1999.

K N SALGIA
ASST. VICE PRESIDENT (LAW) &
COMPANY SECRETARY

**NOTES :**

- i) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in terms of Item No. 5 & 6 above is hereto annexed.
- ii) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- iii) Proxies, in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting.
- iv) Members / Proxies should bring their attendance slip, duly filled in, to the meeting.
- v) The Register of Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from **20th August, 1999 to 3rd September, 1999 (both days inclusive)**.
- vi) Members are requested to immediately intimate any change in their addresses registered with the Company to the Company's Registrars & Transfer Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.
- vii) Dividend on Equity Shares, if declared, will be payable to those Shareholders whose names stand on the Company's Register of Members on Friday the **3rd September, 1999** and to whom dividend warrants will be posted.
- viii) Members requiring information on the Accounts are requested to write to the Company atleast 7 days before the date of the meeting to enable the Company to furnish the information.
- ix) Members are requested to kindly bring their copies of the Twenty-third Annual Report to the meeting.



ANNEXURE TO NOTICE

Explanatory Statement as required under section 173(2) of the Companies Act, 1956, hereinafter referred to as the Act, sets out all the facts mentioned under Item No. 5 & 6 of the accompanying Notice dated 7th July, 1999.

ITEM NO. 5

The Board of Directors at a meeting held on 29th April, 1999 resolved to appoint M/s. Sharepro Services, having its Registered Office at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 as Company's Registrars & Share Transfer Agents with effect from 1st July, 1999 in place of M/s. Investor Services of India Limited, who ceased to be the Company's Registrars & Share Transfer Agents from 16th June, 1999. Therefore, keeping of the Registers of Members, Indices etc. at the office of M/s. Sharepro Services, was necessary and hence consent of the Shareholders is sought under section 163 of the Companies Act, 1956 to the aforesaid keeping of the records at the office of the new Registrar & Transfer Agents.

Copies of the relevant documents are available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day except Saturday upto the date of the Annual General Meeting.

None of the Directors of the Company are concerned or interested in the said resolution.

Your Directors recommend the Special Resolution for your approval.

ITEM NO. 6

The Equity Shares of the Company are presently listed on the Stock Exchange Mumbai and The Stock Exchange, Ahmedabad since the date of listing on 29th May, 1995 and on The National Stock Exchange Ltd., from 27th December, 1995.

Pursuant to circular SMDRP/CIR-14/98 dated 29th April, 1998 issued by the Securities and Exchange Board of India to all the Stock Exchanges, voluntary delisting of securities on the stock exchanges other than the Regional Stock Exchange shall be permitted by the Stock Exchanges at the request of the Company. In view of infrequent / non-trading of the Company's equity Shares on The Stock Exchange, Ahmedabad, it is proposed to delist the equity shares of the Company. The Company shall continue its listing of securities with The Stock Exchange, Mumbai and the National Stock Exchange Ltd. As the equity shares of the Company can be traded on the ON-LINE system of The Stock Exchange, Mumbai as well as The National Stock Exchange Ltd., the exit opportunity will continue to be available to those shareholders in areas covered by the Stock Exchange, Ahmedabad, where voluntary delisting is being sought.

Copies of the relevant documents are available for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day upto the date of the meeting.

None of the Directors of the Company are concerned or interested in the said resolution.

Your Directors recommend the Special Resolution for your approval.

BY ORDER OF THE BOARD

Place : Mumbai

Dated : 7th July, 1999.

**K N SALGIA
ASST. VICE PRESIDENT (LAW) &
COMPANY SECRETARY**

REGISTERED OFFICE : Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai - 400 071.



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors take pleasure in presenting the **Twenty-Third Annual Report** alongwith the Audited Accounts of the Company for the six months ended 31st March, 1999.

FINANCIAL RESULTS	Six Months Ended 31.03.1999 Rupees	Year Ended 30.09.1998 Rupees
Income	93,50,64,943	1,64,24,83,430
Profit before Depreciation and Taxation	11,17,14,035	17,64,32,250
Less : Depreciation	2,94,08,650	5,10,24,477
Profit before Taxation	8,23,05,385	12,54,07,773
Less : Provision for Taxation	2,75,00,000	3,36,00,000
Net Profit for the year available for Appropriation	5,48,05,385	9,18,07,773
APPROPRIATED AS UNDER		
1. Debenture Redemption Reserve	36,00,000	72,00,000
2. Proposed Dividend	90,46,080	1,80,92,160
3. Corporate Dividend Tax	9,95,069	18,09,216
4. General Reserve	2,75,00,000	4,00,00,000
5. Balance carried to Balance Sheet	1,36,64,236	2,47,06,397
	5,48,05,385	9,18,07,773

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.20 per Equity Share of Rs. 10/- each paid-up for the six months period ended 31st March, 1999. The Dividend if approved by the Shareholders at the Twenty-third Annual General Meeting will absorb a sum of Rs. 1,00,41,149/- including Corporate Dividend Tax of Rs. 9,95,069/-.

REVIEW OF OPERATIONS:

During the six months period under review, your company achieved a turnover of sales and other income of Rs. 9351 Lakhs. The net profit was also higher as compared to the preceding year at Rs. 548.05 Lakhs.



Construction Division :

During this period, the construction division achieved significant progress in the execution of contracts at Mangalore Refineries and Petrochemicals Ltd., Mangalore, Haldia Petrochemicals Ltd., Haldia, Chambal Fertilisers & Chemicals Ltd., Kota and at Indian Oil Corporation Ltd.'s Mathura, Panipat and Vadodara Units.

The division successfully completed the execution of the earlier contracts in Reliance Petroleum Ltd., Jamnagar and the VDU Heater Fabrication and Erection work in a record time at Indian Oil Corporation Ltd.'s Panipat Refinery.

Among the new orders received are :

- Fabrication and Erection of Steel and Erection of all equipment and machinery for Dharani Cement Ltd., plant at Reddipalayam, Tamil Nadu.
- Erection of Equipment and Fabrication / Erection of Piping at NIRMA Ltd.'s Lab plant at Savli, Gujarat.
- Fabrication and Erection of Piping and Erection of Equipment for Toyo Engineering India Ltd., at Indian Oil Corporation Ltd.'s Gujarat Refinery Project, Vadodara.
- Fabrication and Erection of Storage and Bagging Units for Gujarat Ambuja Cements Ltd., at Tuticorin, Tamil Nadu.
- Fabrication and Erection of Piping for Delayed Coker Unit at Reliance Petroleum Ltd., Jamnagar.

On the Electrical and Instrumentation front, the division has achieved substantial progress nearing completion in the DHDS Project Jobs at Indian Oil Corporation Ltd.'s Panipat Refinery, Bharat Petroleum Corporation Ltd.'s Refinery at Mumbai and the Madras Refineries Ltd.'s plant at Chennai.

The division has also secured new orders for Electrical Instrumentation work from Tata Consulting Engineers Ltd., for the Kundli Pumping Scheme Project at Khopoli and Associated Cement Companies Limited for the Captive Power plant work at Kymore.

PERFORMANCE - OTHER DIVISIONS :

Rockwool Division :

This division performed well in this period completing the refractory supply and application work for the VDU Heater work in Indian Oil Corporation Ltd.'s Panipat Refinery in a record time and the refractory application work for Larsen & Toubro Ltd., for their Hydrogen Reformer Supply and Erection contracts at Haldia and Vadodara Units of Indian Oil Corporation Ltd.

The division also secured prestigious new orders for Refractory Application at Saint Gobains Float Glass Ltd.'s plant at Sriperumbudur and Hindustan Sanitary Wares Ltd.'s (Glass Division) plant at Hyderabad.

Petron Mechanical Industries Division :

Performance of this division was satisfactory with the successful completion of supply of Skip Hoists for FFE Minerals, Chennai, Supply of Chimney for Sterlite Industries Ltd., Silvassa and Supply of Grab Bucket Crane for Associated Cement Companies Ltd., Jamul.