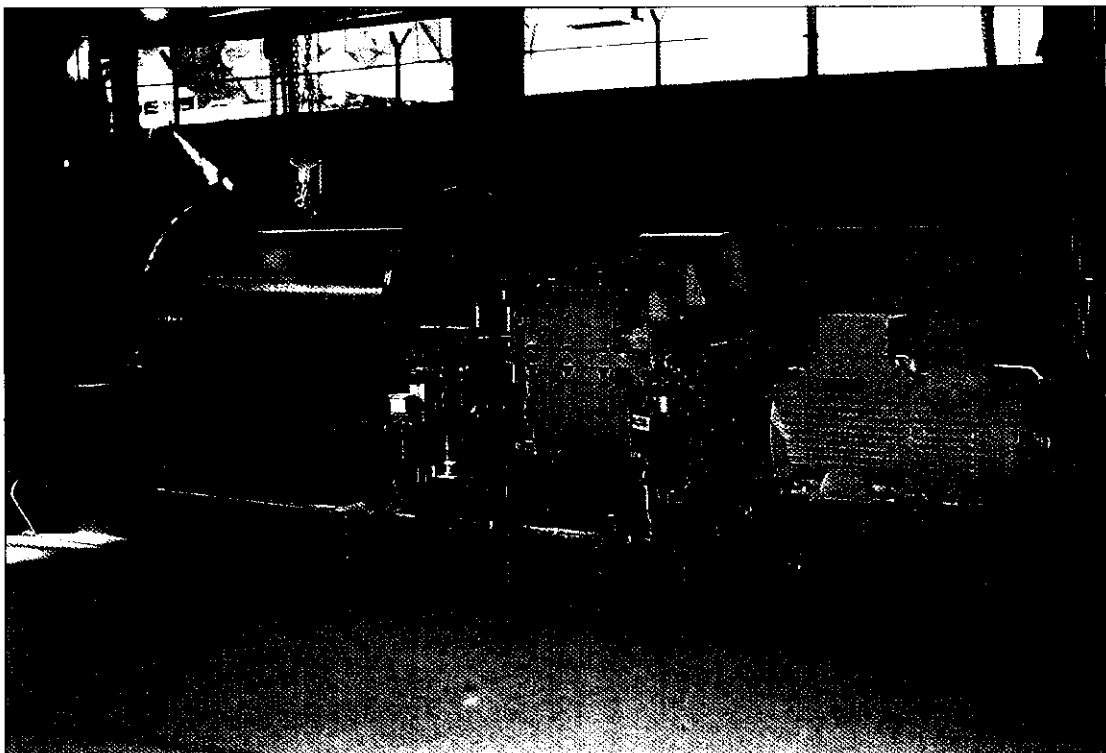


Petron

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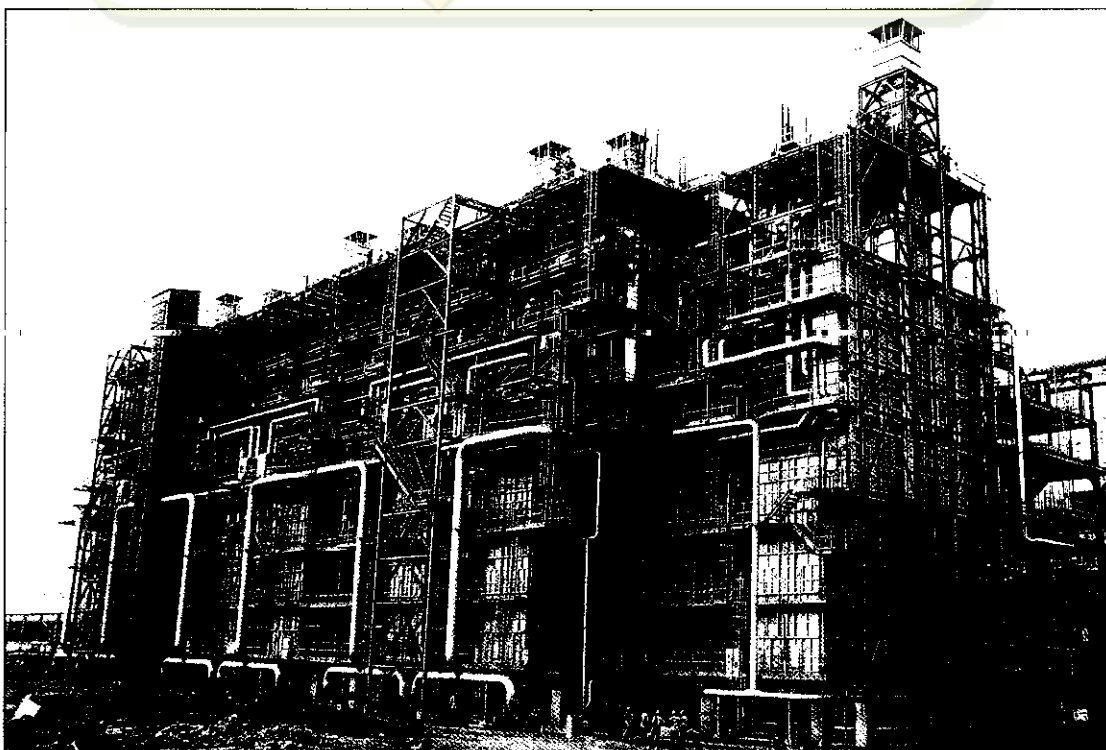
Petron Engineering Construction Ltd.

24th REPORT
2000



16.5 Ton Capacity Electric Winch Manufactured and Supplied to M/S. Atria Hydel Power Limited Karnataka, Through M/S. Sulzer Flovel Hydro Limited by PMI Division.

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Seven Numbers of Naphtha Cracking Furnaces of ABB-LHT Design for Haldia Petrochemicals Project fabricated and erected by construction division.

PETRON ENGINEERING CONSTRUCTION LIMITED.

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>
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 MUZUMDER	<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 FOURTH ANNUAL GENERAL MEETING

Day : TUESDAY, THE 26TH SEPTEMBER, 2000
 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-fourth 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 Tuesday the 26th September, 2000 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the Directors', Auditors' Report and Audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date.
2. To declare final dividend.
3. To appoint a Director in place of Mr. R. S. Ambekar 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.

BY ORDER OF THE BOARD

K N SALGIA

**ASST. VICE PRESIDENT (LAW) &
COMPANY SECRETARY**

Place : Mumbai

Dated : 15th July, 2000.

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



NOTES :

- i) 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.
- ii) 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.
- iii) Members / Proxies should bring their attendance slip, duly filled in, to the meeting.
- iv) The Register of Members and Share Transfer Books in respect of the Equity Shares of the Company will remain closed from **12th September, 2000 to 26th September, 2000 (both days inclusive)**.
- v) 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.
- vi) Dividend on Equity Shares, if declared, will be payable to those Shareholders whose names stand on the Company's Register of Members on Tuesday the **26th September, 2000** and to whom dividend warrants will be posted.
- vii) 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.
- viii) Members are requested to kindly bring their copies of the Twenty-fourth Annual Report to the meeting.
- ix) Shareholders who have not encashed the dividend warrants / cheques so far for the Financial Year ended 30th September, 1995 or any subsequent financial years are requested to make their claim to the Office of the Registrar and Transfer Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors take pleasure in presenting the **Twenty-Fourth Annual Report** alongwith the Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS	Year Ended 31.03.2000 Rupees	Six Months Ended 31.03.1999 Rupees
Income	145,01,64,282	93,50,64,943
Profit before Depreciation and Taxation	10,70,65,389	11,17,14,035
Less : Depreciation	5,22,87,009	2,94,08,650
Profit before Taxation	5,47,78,380	8,23,05,385
Less : Provision for Taxation	1,85,00,000	2,75,00,000
Net Profit for the year available for Appropriation	3,62,78,380	5,48,05,385
Add : Transfer from surplus account	2,31,00,000	--
	5,93,78,380	5,48,05,385
Less: Provision for tax relating to Earlier years	2,31,00,000	--
	3,62,78,380	5,48,05,385

APPROPRIATED AS UNDER

1. Debenture Redemption Reserve	72,00,000	36,00,000
2. Interim Dividend declared on 26.04.2000	1,13,07,642	--
3. Corporate Dividend Tax thereon	12,43,836	--
4. Final Dividend	37,69,200	90,46,080
5. Corporate Dividend Tax thereon	8,29,224	9,95,069
6. General Reserve	50,00,000	2,75,00,000
7. Balance carried to Balance Sheet	69,28,478	1,36,64,236
	3,62,78,380	5,48,05,385



DIVIDEND

For the year under review your Directors have declared on 26.04.2000 an interim dividend of Rs. 1.50 per Equity Share of Rs. 10/- each paid-up absorbing a sum of Rs. 1,25,51,478/- including Corporate Dividend Tax of Rs. 12,43,836/-. Your Directors are now pleased to recommend final dividend of Rs. 0.50 per Equity Share for declaration by the Shareholders at the Twenty-fourth Annual General Meeting. The total dividend for the year will be Rs. 2/- per share, absorbing in the aggregate a sum of Rs. 1,71,49,902/- including Corporate Dividend Tax of Rs. 20,73,060/-.

REVIEW OF OPERATIONS :

During the year under review your Company achieved a turnover of sales and other income of Rs.14,502 Lakhs. The net profit was Rs.363 Lakhs. The downtrend witnessed in sales and net profit was due to the lack of sufficient business opportunities caused by the general sluggishness prevailing in the market.

Construction Division :

During this year the Construction Division successfully completed the execution of contracts in Haldia Petrochemicals Ltd, Haldia; Chambal Fertilizers & Chemicals Ltd, Kota; Indian Oil Corporation Ltd's Mathura, Panipat and Vadodara Units as well as the earlier contracts in Mangalore Refinery & Petrochemicals Ltd, Mangalore. The Division also completed the work on the new orders received for Dharani Cement Ltd's Plant erection work at Reddipalayam, Tamilnadu; Nirma Ltd's LAB plant at Savli, Gujarat; fabrication and erection of piping for Delayed Coker Unit at Reliance Petrochemicals Ltd, Jamnagar and AU-IV plant work for Toyo Engineering India Ltd at Indian Oil Corporation Ltd's Gujarat Refinery Project, Vadodara.

The Division secured new and prestigious orders, among which are :

- Additional Product Pipeline work connecting the Plant to the Jetty at Mangalore Refinery & Petrochemicals Ltd, Mangalore signifying your Company's entry into the cross-country pipelaying work for the first time.
- Equipment and Piping erection work for Toyo Engineering India Ltd, for the Butane and AU III revamping projects at Gujarat Refinery of Indian Oil Corporation Ltd, Vadodara.
- Mechanical works for DAP plant for Uhde India Ltd, for Gujarat State Fertilizer Corporation Ltd at their Sikka and Motikhawdi Units.
- Erection of 210 MW Boilers for Bharat Heavy Electricals Ltd at Suratgarh, Rajasthan.
- Site work for Reactor Regenerator Package and erection of Co-incinerator package for Bharat Heavy Plates Ltd, Vizag and Zeeco, USA respectively at Indian Oil Corporation Ltd, Haldia.

On the Electrical and Instrumentation front, the work in the DHDS Projects at Indian Oil Corporation Ltd's Panipat Refinery, Bharat Petroleum Corporation Ltd's Refinery at Mumbai and Madras Refineries Ltd, Chennai were successfully completed. The Division also secured new orders from Associated Cement Companies Ltd, Thane for their cement plants at Chandrapur and Madukkarai and from Bharat Petroleum Corporation Ltd, Mumbai.

PERFORMANCE - OTHER DIVISIONS :

Rockwool Division :

This Division maintained its good performance this year also, inspite of the generally difficult industrial situation.

The Division successfully completed the Refractory application work at Saint Gobains Float Glass Ltd's plant at Sriperumbudur and Hindustan Sanitary Wares Ltd's (Glass Division) plant at Hyderabad. New orders received by this Division include the refractory and associated mechanical work at M/s Vetrotex Industries India Pvt. Ltd., Hyderabad for their Glass plant and for similar work at Videocon Narmada Glass Industries Ltd, Bharuch, apart from specialized refractory application work for the Reactor / Regenerator Package for Fawley Refinery, U.K. through M/s Larsen & Toubro Ltd., Hazira.

Petron Mechanical Industries Division :

This Division completed the fabrication and erection of gratings for VDU Heater at Indian Oil Corporation Ltd's Mathura Refinery, supply of Gantry Crane to Petron Civil Engineering Ltd., and fabrication of Chimney and Supporting structures for Wartsila NSD India Ltd. for their project at Sutlej.

New orders in hand include the supply and erection of Chimney for Wartsila NSD India Ltd. at their Mukand Steel site, Thane; manufacture and supply of HOT Cranes, Slime Sump Tanks, Gantry Rails and DSL System for Sterlite Industries (I) Ltd., Chinchpada, Silvassa; design, manufacture, supply of 20 MT Electrical Winch and erection Trolley for Ajax Construction Company, Cochin and revamping of Cranes at Saurashtra Cement Ltd, Porbandar.

Petrofab Division :

This Division successfully completed the supply and fabrication of Reformer Convection Modules for Deepak Fertilizers Ltd at Taloja and SS Plugs for Indian Oil Corporation Ltd's Gujarat Refinery Project at Vadodara as well as manufacturing and supply of APH Modules for ABB Lummus Crest Heat Transfer for the Heaters at Gujarat Refinery Unit of Indian Oil Corporation Ltd, Vadodara. Orders in hand include the supply and fabrication of Air Pre Heater for M/s Zeeco, USA for their Project at Indian Oil Corporation Ltd's Refinery at Haldia.

Petrotech (EPC) Division :

The EPC Division completed the engineering work for the Heaters in Indian Oil Corporation Ltd's Mathura and Vadodara Refineries, the Heater at Nirma Ltd's LAB Plant in Savli and the Heaters at Mangalore Refinery and Petrochemicals Ltd, Mangalore.

The work in hand includes the engineering and drawing preparation for the structural work of FCC and DHDT Plant at Indian Oil Corporation Ltd's Barauni Refinery.



Petron Highway Inn Resort Division :

This Division's performance during the year continued to be profitable in spite of the sluggish market.

OUTLOOK

The unexecuted orders in hand at the end of the year stood at Rs.70 crores. The outlook appears to be encouraging with nearly Rs.90 crores of new orders being finalized in the short span of 4 months since the end of the year under review. With the coming up of the expansion of Indian Oil Corporation Ltd.'s Panipat Refinery, the expansion of Chennai Petroleum Corporation's Chennai Refinery and the starting of work in Indian Oil Corporation Ltd's new Grass Root Refinery at Paradeep as well as the new cement plants of Associated Cement Companies Ltd at Wadi and Gujarat Ambuja Cement Ltd at Chandrapur, there is a marked improvement in business opportunities, which your Company as a leading player in this field, is ideally placed to convert into firm orders.

DELISTING OF THE COMPANY'S SECURITIES ON THE STOCK EXCHANGE, AHMEDABAD

Though the Company had completed all the formalities for the delisting of its securities on the Stock Exchange, Ahmedabad, in accordance with Circular No. SMDRP/CIR-14/98 dated 29th April, 1998 issued by the Securities and Exchange Board of India (SEBI) as well as the formalities and procedures laid down by the Stock Exchange, Ahmedabad, the Stock Exchange deferred to delist the securities. The Company, therefore, approached SEBI for its intervention and necessary directions to the Stock Exchange. SEBI has vide its letter No.SMRDP/ASE/VM/10939/2000 dated 7th July, 2000 advised the Stock Exchange, Ahmedabad not to defer or reject the proposal on the ground taken by it.

Y2K

The Company has completed transition to Y2K without incurring any significant cost.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company being engaged in undertaking engineering contracts, executed at different sites in the clients' premises, the disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956, in so far as it relates to the conservation of energy and technology absorption is not applicable. Particulars with regard to foreign exchange earnings and outgo appear under schedule 2.08 (B) W of the Accounts.

DIRECTORS

In accordance with Article 127 of the Articles of Association of the Company, Mr. R. S. Ambekar retires by rotation and, being eligible, offers himself for re-appointment.

Under the Agreements of Appointment, the Managing Director and the Whole-time Director are entitled to