

PETRON ENGINEERING CONSTRUCTION LIMITED.



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
ICICI BANK LIMITED

REGISTERED OFFICE

SWASTIK CHAMBERS, 6TH FLOOR,
SION TROMBAY ROAD,
POST BOX NO. 7206, CHEMBUR,
MUMBAI - 400 071.
Tel No : 597 3501-6 • Fax No : 597 3509-10
E-mail : Petronproj@vsnl.com

REGISTRARS & TRANSFER AGENTS

SHAREPRO SERVICES,
SATAM ESTATE, 3RD FLOOR,
ABOVE BANK OF BARODA, CHAKALA,
ANDHERI (E), MUMBAI - 400 099
Tel No : 821 5168 • Fax No : 837 5646
E-mail : Sharepro@vsnl.com



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TWENTY FIFTH ANNUAL GENERAL MEETING		
Day	:	MONDAY, THE 10TH SEPTEMBER, 2001
Time	:	3.30 P.M.
Place	:	Swastik Chambers 6th Floor, CST Road, Chembur, Mumbai - 400 071.

PETRON ENGINEERING CONSTRUCTION LIMITED

NOTICE

NOTICE is hereby given that the Twenty-fifth 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 Monday, the 10th September, 2001 at 3.30 p.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended that date and the Reports of the Directors and the Auditors of the Company.
2. To declare dividend for the year ended 31st March, 2001.
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.

BY ORDER OF THE BOARD

Mumbai
12th July, 2001.

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

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) The Register of Beneficial Owners and the Register of Members and Share Transfer Books of the Company will remain closed from **24th August, 2001 to 10th September, 2001 (both days inclusive)**.
- iv) Members/Proxies should bring their attendance slips, duly filled in, to the meeting.
- 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** in respect of their holding in physical form and to their Depository Participants (DPs) in respect of their holding in electronic form.
- vi) Payment of dividend on Equity Shares, if declared, at the aforesaid meeting, will be made subject to the provisions of Section 206A of the Companies Act, 1956, to those Shareholders whose names shall appear on the Company's Register of Members on Monday the **10th September, 2001** or to their nominees. In respect of shares in electronic form dividend will be paid to the Beneficial Owners as per the list provided by the Depository Participants on that date.
- vii) Members desiring information on the accounts or operations of the Company are requested to write to the Secretary of the Company at least 10 days before the date of the meeting to enable the management to keep the information readily available at the meeting.
- viii) Members are requested to bring their copies of the Twenty-fifth Annual Report to the meeting.
- ix) Members who are holding shares in dematerialized form are requested to bring their Depository ID Number and Client ID Number for easier identification of the attendance at the Annual General Meeting.
- x) Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Registrars and Transfer Agents for consolidation of such folios into one folio.
- xi) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the Financial Year ended 30th September, 1995 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investor Education and Protection Fund" of the Central Government.

Members who have not encashed the dividend warrants so far for the Financial Year ended 30th September, 1995 or any subsequent Financial Years are requested to make their claim to the Secretary of the Company.



Further, it may be noted that under the amended Companies Act, 1956, once the unclaimed dividend is transferred to the Government, as above, no claim shall lie in respect of such amount.

- xii) To avoid instances of fraudulent encashments of warrants, members are requested to intimate the Company's Registrars and Transfer Agents or to your Depository Participants in case of your holding in electronic form, under the signature of the sole / first joint-holder, the following particulars :
- Name of the sole / first joint holder.
 - Name of the Bank, branch & complete address of the bank with code number.
 - Account Type, whether Savings or Current Account.
 - Bank Account Number allotted by the bank.
- xiii) In terms of the provisions of Section 109A of the Companies Act, 1956, nomination facility is available to the individual shareholder. The shareholders who are desirous of availing this facility may kindly write to the Registrars & Share Transfer(R&T) Agents, M/s. Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala Andheri (East), Mumbai 400 099 in Form 2B prescribed by the Government which can be obtained from the Company's R&T Agents.
- xiv) (a) The Company, consequent to introduction of Depository System entered into agreements with National Security Depository Limited (NSDL) and Central Depository (India) Limited (CDSL). Members, therefore, now have the option of holding the shares of the Company in electronic form through NSDL or CDSL.
- (b) Effective from 26th June, 2000, trading in shares of the Company is permitted only in dematerialized form. Requests for Dematerialisation and Rematerialisation are to be made only to DP with whom you have opened an account.
- (c) The Company has started offering the facility through its R & T Agents simultaneous transfer cum dematerialisation of physical shares. Under this scheme, on completion of process of transfer of physical shares, sent by you to the R & T Agents, they will give the option to the concerned shareholder for getting the said shares dematerialized. In case, the option is accepted by the shareholder and formalities are completed within the prescribed time, the R&T Agents will arrange to confirm the credit against the said physical shares in electronic form.

**DIRECTORS' REPORT****TO THE MEMBERS,**

Your Directors take pleasure in presenting the **Twenty-Fifth Annual Report** alongwith the Audited Accounts of the Company for the year ended 31st March, 2001.

	Year Ended 31.03.2001 Rupees	Year Ended 31.03.2000 Rupees
FINANCIAL RESULTS		
Income	1,29,25,09,472	145,01,64,282
Profit before Extra-Ordinary Item, Depreciation and Taxation	12,29,61,159	10,70,65,389
Less : Extra-Ordinary Item	6,33,15,933	-
Profit before Depreciation & Taxation	5,96,45,226	10,70,65,389
Less : Depreciation	5,34,32,091	5,22,87,009
Profit before Taxation	62,13,135	5,47,78,380
Less : Provision for Taxation	25,00,000	1,85,00,000
Net Profit for the year available for Appropriation	37,13,135	3,62,78,380
Add : Transfer from surplus account	3,00,00,000	2,31,00,000
	3,37,13,135	5,93,78,380
Less: Provision for tax relating to Earlier years	22,70,267	2,31,00,000
Amount available for appropriation	3,14,42,868	3,62,78,380
APPROPRIATED AS UNDER		
1. Debenture Redemption Reserve	72,00,000	72,00,000
2. Interim Dividend declared on 26.04.2000	-	1,13,07,642
3. Corporate Dividend Tax thereon	-	12,43,836
4. Final Dividend	1,13,07,600	37,69,200
5. Corporate Dividend Tax thereon	11,53,375	8,29,224
6. General Reserve	-	50,00,000
7. Balance carried to Balance Sheet	1,17,81,893	69,28,478
	3,14,42,868	3,62,78,380



DIVIDEND

Your Directors, recommend dividend of Rs. 1.50 per Equity Share of Rs. 10/- each for the year ended 31st March, 2001 for declaration by the shareholders at the Twenty-fifth Annual General Meeting, absorbing a sum of Rs.1,24,60,975/- including Corporate Dividend Tax of Rs. 11,53,375/-.

REVIEW OF OPERATIONS

During the year under review, your company achieved a turnover of sales and other income of Rs.12925 lakhs. The profit at the operating level after depreciation was Rs.696 lakhs. After extra-ordinary item and provision for tax the net profit was Rs.37 lakhs. The downtrend in sales was due to the continued lack of sufficient business opportunities witnessing no significant improvement in the prevailing market situation.

FINANCE

During the year, the Company redeemed on 9.05.2000 1st instalment of Rs. 30/- per debenture on 4,99,500 Non-convertible Debentures of Rs.100/- each.

MANAGEMENT DISCUSSION AND ANALYSIS

Construction Division

During this year, the Construction Division successfully completed the execution of contracts for the additional product pipeline work at Mangalore Refinery & Petrochemicals Ltd, Mangalore, Erection of Soda Ash plant for Nirma Ltd., at Bhavnagar, mechanical erection work for Butane and AU-III plant work at Gujarat Refinery of Indian Oil Corporation Ltd, Vadodara, erection of the new Cement plant work for Associated Cement Companies Ltd at Wadi and mechanical work for Madras Cement Ltd's new plant at Alathiyur among other projects.

This Division has in hand new orders, among which are :

- > Supply fabrication and erection of CDU/VDU Heaters for Chennai Petroleum Corporation Limited at Chennai.
- > Mechanical Erection of Maratha Cement Plant of Gujarat Ambuja Cements Ltd. at Chandrapur.
- > Supply, fabrication and erection of heaters and mechanical erection/piping work for LG Engineering & Construction Corpn. Ltd. Korea at Indian Oil Corpn. Ltd's Refinery at Haldia.

On the Electrical and Instrumentation front, the orders secured from Associated Cement Companies Ltd for their cement plant at Chandrapur and Madukkarai as well as the electrical work at Bharat Petroleum Corporation Ltd, Mumbai were successfully completed.

This Division has in hand the complete installation and construction of power facility for Indian Oil Corporation Ltd's new Refinery at Paradeep which is a milestone in terms of magnitude of a single contract for this Division.



This Division has also in hand the orders for electrical / instrumentation work at Maratha Cement Works, Chandrapur, a Division of Gujarat Ambuja Cements Ltd., Madras Cements Ltd., Alathiyur and the FCC/DHDT Units of Indian Oil Corp. Ltd's Refinery at Barauni.

PERFORMANCE – OTHER DIVISIONS :

Rockwool Division

The performance of this Division has been satisfactory with the completion of major refractory and insulation jobs at Videocon – Narmada Glass Ltd.'s plant at Bharuch, Reactor/Regenerator jobs at Indian Oil Corporation Ltd's, Haldia and Barauni Refineries and Reliance Petroleum Ltd's Refinery at Jamnagar.

This Division has secured major orders for insulation work at Madras Cements Ltd, Alathiyur and refractory work for Maratha Cements Ltd at Chandrapur.

Petron Mechanical Industries Division

This Division successfully completed the supply and fabrication of Chimney and Supporting Structures for Tata Electric Company Ltd.'s Power plant at Belgaum for Wartsila India Ltd, supply of Converter parts and Primary and Secondary hoods / door winches, etc for Sterlite Industries Ltd, Tuticorin. New orders in hand include fabrication of Chimney Shells for Wartsila India Ltd, Khopoli, revamping of grabbing crane for M/s Saurashtra Cement Ltd, Ranavav and supply of MS Tanks for Haden Intl. (I) Ltd, Thane.

Petrofab Division

This Division completed the supply and fabrication of Air Pre Heater and associated equipments for Zeeco, USA for their project at Indian Oil Corporation Ltd's Haldia Refinery as well as the supply and fabrication of Slag Cleaning Furnace for Sterlite Industries Ltd, Tuticorin. Orders in hand include the supply and fabrication of Heater Modules for LG Engineering Construction Corporation, Korea for their project at Indian Oil Corporation Ltd's Haldia Refinery.

Petrotech (EPC) Division

The EPC Division completed the engineering work for the structural work of FCC and DHDT plants of Indian Oil Corporation Ltd's Barauni Refinery. The work in hand includes the engineering design and drawing work for the Heaters at Indian Oil Corporation Ltd's Refinery at Haldia for LG Engineering Construction Corporation, Korea and similar work for the CDU/VDU Heaters of Chennai Petroleum Corporation Ltd, Chennai.

Petron Highway Inn Resort

This Division's performance was affected due to the slack market conditions.

OUTLOOK

The unexecuted orders in hand at the end of the year stand at Rs.87 Crores. The outlook appears to be more



encouraging with the announcement of Expansion / Setting up of new Refineries by Indian Oil Corporation Ltd at Panipat, by Bharat Petroleum Corporation Ltd at Mumbai and Lokaghar, by Hindustan Petroleum Corporation Ltd at Bhatinda and the proposed Expansion of capacity in Cement plants by a number of Cement manufacturers.

In the year under review most of the new projects scheduled to start were delayed for various reasons due to which there was lack of sufficient business opportunity. This adversely affected our sales and execution income.

As business of your company is dependent upon the setting up of new projects or expansion / upgrading of existing projects, sluggishness in this sector is bound to adversely affect your company's operations. However, there are signs that the downtrend witnessed in the industrial situation in the last two years is now changing and your company is hopeful of a better performance in the future.

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 4(q) of the Accounts.

DIRECTORS

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

Mr. P. G. Vaidhyanathan, Director (Operations) retires by rotation and is eligible for reappointment. He is 55 years, qualified B.E.(Mech.) having vast experience of 31 years in the construction business. He is working with the Company since its inception in 1976. He was appointed Director on the Board as 'Director (Operations)' with effect from 1st January, 1993.

AUDITORS

The retiring Auditors M/s. M.S. Sankaran & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and are eligible for re-appointment and have indicated their willingness to act and as such you are requested to appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

PARTICULARS OF EMPLOYEES

A statement showing the names of the employees of the Company, alongwith other particulars, as required by Section 217(2A) of the Companies Act, 1956, read with Company (Particulars of Employees) Rules as