

# Petron



## **Petron Engineering Construction Limited**

27<sup>th</sup> REPORT

2003

# PETRON ENGINEERING CONSTRUCTION LIMITED

## BOARD OF DIRECTORS

R S AMBEKAR	CHAIRMAN
M K NAIR	MANAGING DIRECTOR
P G VAIDHYANATHAN	DIRECTOR (OPERATIONS)
A A KRISHNAN	NON-EXECUTIVE DIRECTOR
P CHANDRASEKHARAN	NON-EXECUTIVE DIRECTOR

## SENIOR EXECUTIVES

K K RANADE	JOINT PRESIDENT (CONSTRUCTION)
Y A RANE	JOINT PRESIDENT (CONTRACTS)
S K BASU	VICE PRESIDENT (MECHANICAL DIVISION)
S MITRA	VICE PRESIDENT (INSULATION DIVISION)
R N PANDEY	ASST. VICE PRESIDENT (FINANCE)
A C MUZUMDER	SR. GENERAL MANAGER (QUALITY CONTROL)

## COMPANY SECRETARY

NARESH SHAH

## 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 : 5597 3501-6 • Fax No : 5597 3509-10  
E-mail : [Petronproj@vsnl.com](mailto:Petronproj@vsnl.com)

## REGISTRARS & TRANSFER AGENTS

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

Tel No : 2821 5168 • Fax No : 2837 5646  
E-mail : [Sharepro@vsnl.com](mailto:Sharepro@vsnl.com)

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### TWENTY SIXTH ANNUAL GENERAL MEETING

Day : MONDAY, THE 29TH SEPTEMBER, 2003

Time : 3.30 P.M.

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

## PETRON ENGINEERING CONSTRUCTION LIMITED

### NOTICE OF MEETING

NOTICE is hereby given that the Twenty-seventh 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 29th September, 2003 at 3.30 p.m. to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 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 appoint a Director in place of Mr. P. G. Vaidhyanathan, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. A. A. Krishnan, 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**

**PLACE : MUMBAI**  
**DATED : 21ST JULY, 2003**

**NARESH SHAH**  
**COMPANY SECRETARY**



## 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 **12th September, 2003 to 29th September, 2003 (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) 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.
- vii) Members are requested to bring their copies of the Twenty-seventh Annual Report to the meeting.
- viii) 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.
- ix) 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.
- x) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividends for the Financial Year ended 30th September, 1996 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, 1996 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.

- xi) 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.
- xii) (a) The Company, consequent to introduction of Depository System entered into agreements with National Security Depository Limited (NSDL) and Central Depository Services 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 is 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.

**BY ORDER OF THE BOARD**

**PLACE : MUMBAI**  
**DATED : 21ST JULY, 2003**

**NARESH SHAH**  
**COMPANY SECRETARY**



## DIRECTORS' REPORT

### TO THE MEMBERS,

Your Directors hereby present the Twenty-seventh Annual Report alongwith the Audited Accounts of the Company for the year ended 31st March 2003.

### FINANCIAL RESULTS

	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 Rs.
Income	1,13,24,38,952	1,07,10,88,932
Profit / (Loss) before Depreciation and Taxation	5,17,05,992	(2,37,07,191)
Less / Add : Depreciation	5,03,89,771	5,52,77,228
Profit / (Loss) before Taxation	13,16,221	(7,89,84,419)
Less : Provision for Taxation	1,00,000	*
Net Profit / (Loss) for the year available for Appropriation	12,16,221	(7,89,84,419)
Add : Provision for tax relating to Earlier years	*	55,45,371
	12,16,221	(8,45,29,790)
Add : Provision for Income-tax (Deferred Tax)	*	8,70,391
	12,16,221	(8,54,00,181)
Add : Deferred Tax Adjustment	17,08,579	*
	29,24,800	(8,54,00,181)
Less : Transfer from Surplus Account	*	5,79,95,375
	29,24,800	(2,74,04,806)
Less : Transfer from General Reserve	*	3,05,89,806
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>29,24,800</b>	<b>31,85,000</b>
1. Debenture Redemption Reserve	*	31,85,000
2. Balance carried to Balance Sheet	29,24,800	*
	29,24,800	31,85,000

## DIVIDEND

In view of insufficient profit made by the Company, the Directors do not recommend Dividend.

## REVIEW OF OPERATIONS

During the year under review, your company achieved a turnover of sales and other income of Rs. 11324 Lakhs. The profit at the operating level before providing for depreciation was Rs. 517 Lakhs. After making provision for depreciation of Rs. 504 Lakhs, the profit for the year comes to Rs. 13 Lakhs and that after making provision for income-tax for current year and adding towards Deferred Tax, the Net Profit is Rs. 29 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 Third and Final instalment of Rs. 35/- per debenture on 4,99,500 14% Redeemable Non-convertible Debentures of Rs. 100/- each.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Construction Division

During this year, the Construction Division successfully completed among other projects, the execution of contracts for supply, fabrication and erection of CDU/VDU Heaters at Chennai Petroleum Corporation Limited, Chennai, the mechanical erection of the ASPET Plant for Lurgi India Limited at Haldia, Reactor/ Regenerator assembly/erection work for Bharat Heavy Plates & Vessels Limited at Indian Oil Corporation Limited, Guwahati, the composite works for Bharat Petroleum Corporation Limited at their Oil Terminal at Manmad and equipment installation and piping work for Clough Engineering, Australia for their Lakshmi Gas Field Project at Hazira.

Among the new orders in hand with the Division are :

- Supply, fabrication and erection of HCU Heaters at Bharat Petroleum Corporation Limited, Mumbai
- Supply, fabrication and erection of Hot Oil Heater, Charge Heater and Pacol Heater for Tamilnadu Petroproducts Limited at Chennai
- Supply, fabrication and erection of Hot Oil Heater, Charge Heater and Pacol Heater for Samsung Engineering Company Limited, Korea at Indian Oil Corporation Limited's Gujarat Refinery Project, Vadodara.
- Supply, fabrication and erection of HCU Heater work for Daelim Industrial Company Limited, Korea at Indian Oil Corporation Limited's Refinery at Panipat.
- Equipment installation and Piping work for Hazira LNG Private Limited.
- Power cycle piping work for Units III and IV for Bharat Heavy Electricals Limited at National Thermal Power Corporation's plant at Talcher, and
- Supply, fabrication and erection of structural work and piping work at Sterlite Industries (India) Limited, Tuticorin





## ELECTRICAL & INSTRUMENTATION DIVISION

This Division completed successfully the electrical and instrumentation work contracts for Madras Cements Limited at Mathodu and Associated Cement Companies Limited at Chandrapur as well as the Captive Power Plant work at Aditya Cement, Shambupura. Further orders have been secured from Associated Cement Companies Limited for their Cement Plant expansion work at Tikaria and Gagal and Bharat Heavy Electricals Limited at Kota.

## PERFORMANCE – OTHER DIVISIONS :

### Rockwool Division

This Division successfully completed the supply and application of refractory for Petrofac International Ltd's Sulphur Recovery Plant at Chennai Petroleum Corporation Ltd, and supply and application of insulation for LG Engineering Construction Corporation Ltd, for their project at Indian Oil Corporation Ltd, Haldia.

This Division has in hand orders for supply and application of Refractory, for Videocon Narmada Glass Limited's plant at Bharuch and Refractory/Insulation procurement and application work at Reliance Industries Limited's Refinery at Jamnagar.

### Petron Mechanical Industries Division

This Division successfully completed the orders for fabrication and erection of Chimneys for Wartsila India Ltd for their project at Moser Baer India Limited, Noida, Sterling Gelatin a Division of Sterling Biotech Limited at Vadodara and Krishna Knitwear Technology Limited at Bhilad.

New orders in hand include supply of overhead cranes and accessories for Sterlite Industries (India) Limited, Tuticorin, supply, fabrication and erection of Chimneys for Wartsila India Limited at Hindustan Zinc Limited, Udaipur and EOT cranes supply for Mawmluh Cherra Cement plant at Chirrapunji, Assam.

### Petrofab Division

This Division successfully completed the export order for fabrication of reformer structure for Qatar through Uhde India Ltd.

New work in hand is the fabrication of convection tube sections for Samsung Engineering Company Limited for Indian Oil Corporation Limited's Gujarat Refinery Project at Vadodara.

### Petrotech (EPC) Division

This Division has in hand the work of engineering design and drawings preparation for all the Heaters' work being carried out by the Construction Division.

### Petron Highway Inn Resort

This Resort continues to remain closed due to uneconomical operation.

## OUTLOOK

The unexecuted orders in hand at the end of the year stand at around Rs.14500 Lakhs. Further orders of approx. Value of 3500 Lakhs have been received till date. Over and above this, further orders are also expected with the

ongoing expansion of Indian Oil Corporation Limited's Panipat Refinery Project and Green Field Refinery Project of Indian Oil Corporation Limited at Bina as well as Sterlite Industries (India) Limited's expansion project at Tuticorin and Udaipur, apart from the new projects in the Power Plant Sector at various locations.

The company is also actively pursuing enquiries for export projects in the Middle East and Africa.

With the improvement in the general economic situation and with the coming up of many new projects in the Oil, Gas, Metallurgical and Power Sectors, the company hopes for an improved 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 is given below :

Total Foreign Exchange used and earned

i) CIF Value of Imports	Rs. 2,90,79,134/-
ii) Expenditure in Foreign Currency	Rs. 9,04,787/-
iii) Foreign Exchange earned	Rs. 8,00,000/-

### **DIRECTORS**

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

Mr. P. G. Vaidhyathan, Director (Operations) retires by rotation and is eligible for reappointment. He is 57 years, qualified B.E. (Mech.) having vast experience of more than 33 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 1<sup>st</sup> January, 1993.

Mr. A. A. Krishnan, Non-Executive Independent Director retires by rotation and is eligible for reappointment. He is 70 years, qualified Engineering Graduate. He is having vast experience in the field of setting up petrochemical plants. He was appointed as an Additional Director of the Company effective from 31<sup>st</sup> October, 2001 in terms of the provisions of Article 111 of the Articles of Association of the Company.

### **AUDITORS AND THEIR REPORT**

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. They have furnished a certificate to the Company to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

With regard to Auditors comment in their report, the Directors state as under: