

Petron



Petron Engineering Construction Limited

28th REPORT

2004

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>
A A KRISHNAN	<i>NON-EXECUTIVE DIRECTOR</i>
S SANKARANARAYANAN	<i>NON-EXECUTIVE DIRECTOR</i>
K R SHRIRAM	<i>NON-EXECUTIVE DIRECTOR</i>
RAJASHREE DOKRAS	<i>NON-EXECUTIVE DIRECTOR</i>

SENIOR EXECUTIVES

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

COMPANY SECRETARY

NARESH SHAH

AUDITORS

M S SANKARAN & CO.,
CHARTERED ACCOUNTANTS
MUMBAI

BANKERS

STATE BANK OF INDIA
ICICI BANK LIMITED
INDIAN OVERSEAS 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

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

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TWENTY EIGHTH ANNUAL GENERAL MEETING

Day : WEDNESDAY, THE 29TH SEPTEMBER, 2004
 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-eighth 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 **Wednesday, the 29th September, 2004 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, 2004 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. R. S. Ambekar, who retires by rotation and, being eligible, offers himself for re-election.
3. 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.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modifications(s) the following resolution as an Ordinary Resolution :

“RESOLVED THAT, MR. S. SANKARANARAYANAN, who was appointed as an Additional Director by the Board of Directors of the Company, with effect from 11.06.2004, pursuant to Article 111 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modifications(s) the following resolution as an Ordinary Resolution :

“RESOLVED THAT, MR. K. R. SHRIRAM, who was appointed as an Additional Director by the Board of Directors of the Company, with effect from 11.06.2004, pursuant to Article 111 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modifications(s) the following resolution as an



Ordinary Resolution :

“RESOLVED THAT, MRS. RAJASHREE DOKRAS, who was appointed as an Additional Director by the Board of Directors of the Company, with effect from 11.06.2004, pursuant to Article 111 of the Articles of Association of the Company and who holds office upto the date of the ensuing Annual General Meeting under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

BY ORDER OF THE BOARD

PLACE : MUMBAI
DATED : 29TH JULY, 2004

NARESH SHAH
COMPANY SECRETARY

NOTES:

- i) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item No. 4, 5 and 6 is annexed hereto.
- 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) The Register of Beneficial Owners and the Register of Members and Share Transfer Books of the Company will remain closed from **11th September, 2004 to 29th September, 2004 (both days inclusive)**.
- v) Members/Proxies should bring their attendance slips, duly filled in, to the meeting.
- vi) Members are requested to immediately intimate any change in their addresses registered with the Company to the Company's Registrars and 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.
- 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-eighth 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, 1997 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the "Investors' 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, 1997 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) 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.
- xiii) (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.

BY ORDER OF THE BOARD

PLACE : MUMBAI

DATED : 29TH JULY, 2004

NARESH SHAH

COMPANY SECRETARY

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

**ANNEXURE TO NOTICE :****Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.****Item No. 4**

Mr. S. Sankaranarayanan was appointed as an Additional Director with effect from 11th June, 2004 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Mr. S. Sankaranarayanan holds office as a Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as Director.

The Company has received notice under Section 257 of the Companies Act, 1956, along with the deposit of Rs. 500/- from a member proposing the candidature of Mr. S. Sankaranarayanan for the Office of Director.

The Board considers his association as a Director will be beneficial and in the interest of the Company.

The Directors recommend the Ordinary Resolution for your approval.

Except Mr. S. Sankaranarayanan, none of the other Directors is, in any way concerned or interested in the said resolution.

Item No. 5

Mr. K. R. Shriram was appointed as an Additional Director with effect from 11th June, 2004 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Mr. K. R. Shriram holds office as a Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as Director.

The Company has received notice under Section 257 of the Companies Act, 1956, along with the deposit of Rs. 500/- from a member proposing the candidature of Mr. K. R. Shriram for the Office of Director.

The Board considers his association as a Director will be beneficial and in the interest of the Company.

The Directors recommend the Ordinary Resolution for your approval.

Except Mr. K. R. Shriram and Mr. M. K. Nair, none of the other Directors is, in any way concerned or interested in the said resolution.

Item No. 6

Mrs. Rajashree Dokras was appointed as an Additional Director with effect from 11th June, 2004 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956 and Article 111 of the Articles of Association of the Company, Mrs. Rajashree Dokras holds office as a Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as Director.

The Company has received notice under Section 257 of the Companies Act, 1956, along with the deposit of Rs. 500/- from a member proposing the candidature of Mrs. Rajashree Dokras for the Office of Director.

The Board considers her association as a Director will be beneficial and in the interest of the Company.

The Directors recommend the Ordinary Resolution for your approval.

Except Mrs. Rajashree Dokras and Mr. R. S. Ambekar, none of the other Directors is, in any way concerned or interested in the said resolution.

BY ORDER OF THE BOARD

PLACE : MUMBAI

DATED : 29TH JULY, 2004

NARESH SHAH

COMPANY SECRETARY

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors hereby present the **Twenty-eighth Annual Report** along with the Audited Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

	Year Ended 31.03.2004 Rs.	Year Ended 31.03.2003 Rs.
Income	1,88,60,62,395	1,07,81,93,489
Profit / (Loss) before Depreciation and Taxation	8,51,59,458	5,17,05,992
Less : Depreciation	5,04,50,898	5,03,89,771
Profit before Taxation	3,47,08,560	13,16,221
Less : Provision for Taxation (Current Year)	27,00,000	1,00,000
Net Profit for the year available for Appropriation	3,20,08,560	12,16,221
Add : Provision for Deferred-Tax	1,17,580	*
	3,18,90,980	12,16,221
Add : Deferred Tax Write-back	*	17,08,579
Surplus carried to Balance Sheet	3,18,90,980	29,24,800

DIVIDEND

No dividend is recommended as the profits are being ploughed back for expansion / operation.

REVIEW OF OPERATIONS

During the year under review, your company achieved a turnover of sales and other income of Rs. 18861 Lakhs. The profit at the operating level before providing for depreciation was Rs. 852 Lakhs. After making provision for depreciation of Rs. 505 Lakhs, the profit for the year comes to Rs. 347 Lakhs and that after making provision for income-tax for current year amounting to Rs. 27 Lakhs and towards Deferred Tax amounting to Rs. 1.17 Lakhs, the Net Profit is Rs. 319 Lakhs. The sales turnover has improved but due to stiff rise in Material Cost and the nature of contracts executed, the margins have considerably shrunk resulting in marginal profits.

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 HCU Heaters at Bharat Petroleum Corporation Limited, Mumbai, erection of 500 MW Boiler and Power Cycle Piping work for Unit III for Bharat Heavy Electricals Limited at NTPC's plant at Talcher, 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 structural and piping work at Sterlite Industries (India) Limited, Tuticorin and shutdown jobs at Gas Authority of India Limited, Pata.

This Division has many new and prestigious orders in hand among which are :

- Supply, fabrication and erection of CDU, VDU, CCR, NHT, PX-1 and PX-2 Heaters at Indian Oil Corporation Limited's Panipat Refinery
- Supply, fabrication and erection of structural and piping for Phosphoric Acid Plant and CCR Plant at Sterlite Industries (India) Limited, Tuticorin
- Erection of 2 Nos. 500 MW Boilers for Bharat Heavy Electricals Limited at Kahalgaon
- Export order for erection of 2 Nos. Cement Plants of 1.5 Million Ton capacity each for Obajana Cement Limited at Nigeria

ELECTRICAL & INSTRUMENTATION DIVISION

This Division completed successfully the electrical and instrumentation work at Associated Cement Companies Limited for their Cement Plant Expansion work at Tikaria and Gagal and also for Bharat Heavy Electricals Limited at Kota.

Among the new orders secured by this Division are :

- Electrical works for Offsites, CDU/VDU and DCU Units at Indian Oil Corporation Limited's Panipat Refinery
- Supply and installation work of electrical for Associated Cement Companies Limited at Chaibasa
- Supply and installation of electrical for Tata Projects Limited at Hindustan Zinc Limited, Chanderia