

PETRON ENGINEERING CONSTRUCTION LIMITED



**LEVEL  
NEXT  
ENGINEERING**



# LEVEL NEXT ENGINEERING

PETRON ENGINEERING CONSTRUCTION LIMITED

36<sup>th</sup> ANNUAL REPORT FY

2011  
12





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

T. S. Das, Managing Director  
Ravi Keswani, Non-Executive Director  
Dr. S. Rama Iyer, Non-Executive Director  
R. Sankaran, Non-Executive Director

### SENIOR MANAGEMENT

G.K. Roy, Chief Operating Officer  
Pulkit Goyal, Head - Finance & Accounts  
Manoj Verma, Head - Procurement & Logistics  
Raghavan, K, Sr. General Manager Proposals

### SR. V. P. LEGAL AND COMPANY SECRETARY

Naresh Shah

### STATUTORY AUDITORS

S.R.Battliboi & Co.  
16th Floor, The Ruby,  
Senapati Bapat Marg (Tulsi Pipe Road)  
Dadar (W), Mumbai 400028, India

### REGISTERED OFFICE

6th Floor, Swastik Chambers,  
Sion-Trombay, Road, Chembur  
Mumbai 400 071, India  
Tel: +91-22-40856400 / 40856200  
Fax: +91-22-40856250 / 67973509

### BANKERS

State Bank of India  
ICICI Bank Limited  
Indian Overseas Bank  
Axis Bank Limited  
ING Vysya Bank Limited  
Yes Bank Limited

### INTERNAL AUDITORS

Lodha & Company  
Bagaria & Company

### REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (I) Private Limited  
13 AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka, Andheri Kurla Road  
Andheri (E), Mumbai 400072, India  
Tel: + 91-22-67720300/ 67720400  
Fax: + 91-22-28591568  
email: sharepro@shareproservices.com



## MESSAGE FROM THE MANAGING DIRECTOR



## LEVEL NEXT ENGINEERING

Dear Shareholders,

Fiscal 2011-12 was our best year yet - vis-à-vis the size of our operations - and took our position in the industry a notch above. The Company is focused on the essentials of running a sound and stable business in the long run. My colleagues have worked tirelessly during the year and have remained focused on ensuring this growth. The advanced technology with implementation of ERP and thereby integrating its major functional areas in the fiscal 2011-12 is helping the Company apply better controls.

The Company will continue with a conservative approach seeing the uncertainty and volatility in the global economy. Currently, our priorities include profitable growth, good composition of orders, eyeing overseas opportunities, exploring business consolidation, forward integration and strengthening network.

I thank the members of our Board of Directors for their advice & dedication; employees for their contribution and the bankers for their continued support. Our gratitude also extends to our esteemed clients, who have trusted us with their projects.

Lastly, I thank all our investors & shareholders for their commitment to the Company which has brought us to the stage where we are today and will drive our future growth. The Company will continue to seek opportunities to do so for years to come.

Best wishes,

**T.S. Das**  
MANAGING DIRECTOR

Mumbai, 18th May 2012





Fabrication work been done by Petrofab Division (Vadodra Works)

**NOTICE****NOTICE**

NOTICE is hereby given that the Thirty-sixth Annual General Meeting of the members of Petron Engineering Construction Limited will be held at **The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai 400 074** on **Thursday the 2nd August, 2012, at 3.00 p.m.** to transact the following Business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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 a Dividend.
3. To appoint a Director in place of Mr. Ravi Keswani, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. S. R. Batliboi & Co., Chartered Accountants, Mumbai, [Registration No. 301003E], 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 on a remuneration to be decided by the Board of Directors in consultation with them.

**BY ORDER OF THE BOARD**

**NARESH SHAH**  
SR. V. P. (LEGAL) & CO. SECRETARY

Mumbai, 18th May, 2012

**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 July, 2012 to 2nd August, 2012 (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 (India) Private Limited, Samhita Complex, Gala No-52 to 56, Bldg No.13 A-B, Near Sakinaka Telephone Exchange, Andheri - Kurla Road, Sakinaka, Mumbai-400072 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 2nd August, 2012 or to their nominee. In respect of shares in electronic form dividend will be paid to the beneficial owners as per the list provided by the Depository Participant on that date.
- vii) Members desiring information on the accounts or operations of the Company are requested to write to the Company Secretary atleast 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 Thirty-sixth 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, if any, 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 31st March, 2005, 31st March, 2006, 31st March, 2007, 31st March, 2010 and 31st March, 2011 are requested to make their claim.

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 encashment of warrants, members are requested to intimate the Company's Registrars and Transfer Agents or to Depository Participants in case of holding in electronic form, under the signature of the sole / first joint-holder, the following particulars :

- a. Name of the sole / first joint holder.
- b. Name of the Bank, branch & complete address of the bank with code number.
- c. Account Type, whether Savings or Current Account.
- d. Bank Account Number allotted by the bank.
- e. Register your email ID with the Company Registrars and Transfer Agents, M/s. Sharepro Services (India) Pvt. Ltd.

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 (India) Private Limited, Samhita Complex, Gala No-52 to 56, Bldg No.13 A-B, Near Sakinaka Telephone Exchange, Andheri -Kurla Road, Sakinaka, Mumbai-400072 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 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 Dematerialization and Rematerialisation are to be made only to Depository Participant with whom you have opened an account.

BY ORDER OF THE BOARD

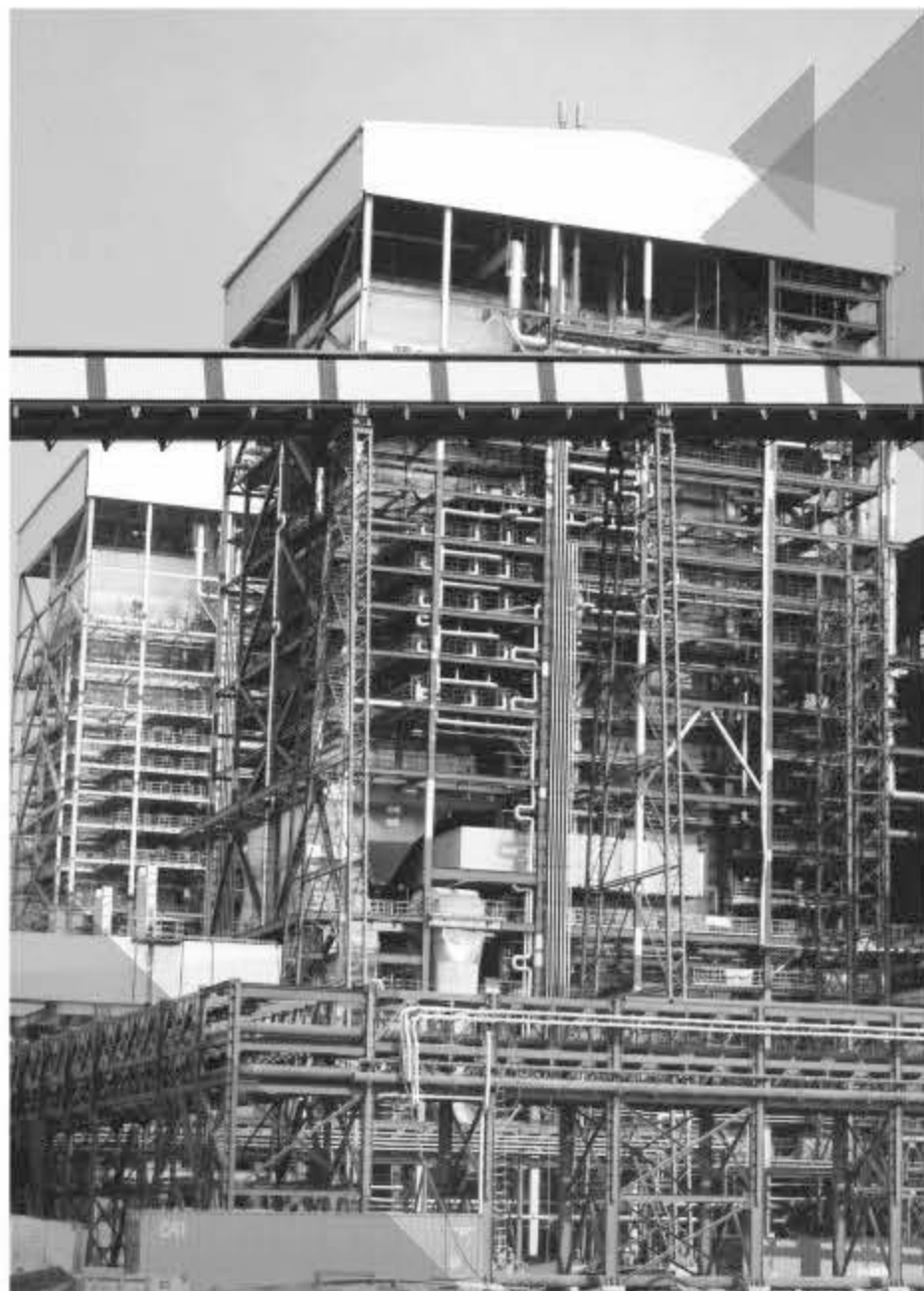
Mumbai, 18th May, 2012

**NARESH SHAH**  
SR. V. P.(LEGAL) & CO. SECRETARY



Fabrication work been done by Petrofab Division (Vadodara Works)





Erection & Associated Works of Boiler Proper for 2 X 300 MW Rosa (Phase - II).  
Thermal Power Project, Reliance Utility Energytech Pvt. Ltd., Rosa (U.P.)



#### TO THE MEMBERS

The Directors of Petron Engineering Construction Limited have pleasure in presenting the Thirty-sixth Annual Report and the Audited Financial Statements of your Company for the year ended 31st March, 2012.

#### A. FINANCIAL RESULTS

During the year under review, the Income from Operations Sales have increased to ₹ 71,313 Lacs as compared to ₹ 49,910 Lacs in the previous year (up by 42.88 %). The Other Income has declined to ₹ 134 Lacs in the current year from ₹ 233 Lacs in the previous year. The Profit Before Interest, Depreciation and Tax has increased to ₹ 7,642 Lacs in the current year as compared to ₹ 6,089 Lacs in the previous year. However, the Finance Cost has increased to ₹ 1,273 Lacs in the current year as compared to ₹ 381 Lacs in the previous year. The profit before Depreciation and Tax is ₹ 6,369 Lacs in the current year as compared to ₹ 5,708 Lacs in the previous year.

The profit after providing for Depreciation but before Tax is ₹ 4,772 Lacs in the current year as compared to ₹ 4,615 Lacs in the previous year. However, after providing for tax expenses for the current year, the profit for the year is ₹ 3,200 Lacs as compared to ₹ 3,095 Lacs in the previous year.

	For The Year Ended 31-Mar-12 amount ₹	For The Year Ended 31-Mar-11 amount ₹
Income from Operations	7,131,315,207	4,991,040,073
Other Income	13,422,787	23,254,663
Total Income	7,144,737,994	5,014,294,736
Profit before Interest, Depreciation and Taxes	764,151,878	608,888,959
Finance Cost	127,259,555	38,092,134
Profit before Depreciation and Taxes	636,892,323	570,796,825
Depreciation	159,721,570	109,267,359
Profit before Tax	477,170,754	461,529,466
Tax Expenses	157,156,239	151,991,936
Profit for the Year	320,014,515	309,537,530



## B. DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹ 2/- (20%) per Equity Share on 7538400 Equity Shares of ₹ 10/- each for the year ended 31st March, 2012 for declaration by the Shareholders at the Thirty-sixth Annual General Meeting. The Dividend will absorb ₹ 15,076,800/- and Corporate Dividend Tax thereon will be ₹ 2,445,834/-, aggregating to ₹ 17,522,634/-.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Industry Trends and Developments

Infrastructure Companies in India continue to face considerable challenges in the past two / three years. Financial year 2012 saw no major projects going on stream in Power, Refineries, Cement and Fertilizer Industries, the core business areas of your company. Only good news is that the Cement Industry after a half decade lull is on a threshold of seeing major capacity additions or new projects, although mainly in EPC mode. Fertilizer projects have not taken off due to the delay in finalizing Gas Allotment Policy of the Government. Earlier announced many Power Projects have not commenced implementation due to lack of clarity in the Policy of Coal Allotment, Land Acquisition & Environmental Clearances from the centre. Faced with the shortfall in achievement in the 11th Five Year Plan (2007 -2012), Indian Government giving the necessary impetus to the development by way of rapid reforms and debottlenecking in almost all the areas, the infrastructure industry is poised to have a potential growth.

## 2. Division Wise Performance

## Engineering &amp; Construction

During the year, the Division has successfully executed the following contracts:

- a) Mechanical Fabrication & Erection works for 5000 TPD Ariyalur Line - II of Madras Cements Limited, Tamil Nadu.
- b) Erection of Boiler Proper for 2 x 300 MW Rosa Phase - II Thermal Power Project Rosa, Uttar Pradesh for Utility Energytech and Engineer's Private Limited.

The work on the following projects substantially progressed during the year:

- a) Erection and associated works of Boiler and Auxiliaries and TG Auxiliaries of Unit No.01 and 03 for 3 x 660 MW Tiroda Thermal Power Project of Adani Power Maharashtra Limited at Tiroda, Dist. Gondia, Maharashtra.
- b) Engineering, Procurement, Construction and Commissioning Assistance (EPCC) of Fired Heaters for VGO-HDT unit of Paradip Refinery Project, for Indian Oil Corporation Limited at Paradip, Orissa
- c) Engineering, Procurement, Construction and Commissioning Assistance (EPCC) of AVU Fired Heaters for Paradip Refinery Project for Indian Oil Corporation Limited at Paradip, Orissa.
- d) Engineering, Procurement, Construction and Commissioning Assistance (EPCC) of NHT/CCR Fired Heaters for Paradip Refinery Project at Paradip, Orissa for Indian Oil Corporation Limited, Paradip.
- e) Erection of Boiler Island, Boiler BOP for SEPCO Electric Power Construction Corporation in 3 x 600MW Power Plant at Nariyara, Champa, Chattisgarh.
- f) Supply of two Nos. Cooker Feed (DCU) Heater Package including Residual Engineering Thermal Design Revalidation, fabrication and delivery as per the technical specification for Nagarjuna Oil Corporation Limited, Cuddalore.

- g) Supply of Hydro-treater Reactor Feed Heater (DHU) Heater package including Residual Engineering, Thermal Design Revalidation, Shop Fabrication and Supply as per the technical specification for Nagarjuna Oil Corporation Limited at Cuddalore.

- h) Construction Contract (V2) for A10/A17 viz. FCC Unit, LPG, Jet Fuel and Gasoline Merox, FGD and Caustic Storage areas in ISBL for Cuddalore Refinery Project at Cuddalore.

The execution of above projects of NOCL is likely to revive by July, 2012.

- i) Mechanical Erection and Electrical Installation at Chittaurgarh Cement Plant Project, Rajasthan of Lafarge India Pvt. Ltd., Chittaurgarh.

- j) Erection, testing, Commissioning, trial operations and handing over 2 x 600 MW Boilers at Raghunathpur.

The Work on the following recently awarded projects have commenced:

- a) Composite works for Gas Processing Unit at Pata, Uttar Pradesh for Petrochemical Complex- II of M/s. Gail (India) Limited
- b) Composite works for Gas Cracker Unit at Pata, Uttar Pradesh for Petrochemical Complex -II of M/s. Gail (India) Limited
- c) Cracker Furnace Package at Pata, Uttar Pradesh for Petrochemical Complex -II of M/s. Gail (India) Limited

## Petron Mechanical Industries

During the year, the Division has successfully executed the following contracts:

- a) Design, Engineering, Manufacturing and Supply of 17 Nos. of EOT Cranes, Jib Cranes, Under Slung Crane and Electric Hoist of various capacities to M/s. Bharat Aluminium Company Limited, Korba, Chhattisgarh.
- b) Design, Engineering, Manufacturing and Supply of 40/10 T Capacity, 34 M Span, Double Girder, Double Overhanging EOT Crane for M/s. IOT Engineering Projects Limited, Nahur for their National Thermal Power Corporation Ltd.'s Project at Barh, Patna, Bihar.
- c) Design, Engineering, Manufacturing, Supply and Installation of 05 Nos. of Passenger Hoist Winches and Material handling winches for M/s. Gammon India Limited, Mumbai, Maharashtra for their various projects.
- d) Manufacturing and Supply of EOT Crane Spares for M/s. Vedanta Aluminium Limited, Smelter Expansion Project at Jharsuguda, Orissa.

Presently, the following Orders of the Division are under execution:

- a) Design, Engineering, Manufacturing and Supply of 10T Capacity Double Girder Gantry Crane for M/s. Hydac (India) Pvt. Ltd., Navi Mumbai
- b) Manufacturing and Supply of EOT Crane Spares for M/s. Sterlite Industries (I) Ltd., Chinchpada, Silvassa, Gujarat and installation & commissioning of EOT cranes at M/s Bharat Aluminium Company Limited, Korba, Chattisgarh.
- c) Erection, Testing and Commissioning of 40/10T Capacity EOT Crane at NTPC Project Site of M/s. IOT Engineering Project Ltd., at Barh, Patna, Bihar.

## Electrical &amp; Instrumentation

Presently, the following Orders of the Division are under execution:

- a) Erection, Testing and Commissioning of Electrical and Lighting equipments & instrumentation equipment at Ariyalur Line-2 Project of Madras Cements Limited, Tamil Nadu.
- b) Contract for Supply of Electrical Equipment, Installation, Testing, Commissioning and conducting Guarantee Tests for Vindychal Super Thermal Power Project, Stage IV (2x500) MW for National Thermal Power Corporation Limited, Madhya Pradesh.
- c) Contract for Supply of Electrical Equipment, Installation, Testing, Commissioning and conducting Guarantee tests for Rihand Super Thermal Power Project, Stage III (2x500 MW) for National Thermal Power Corporation Limited, Uttar Pradesh.
- d) Supply of Electrical Equipment Package (Part - I - Cabling, Earthing and Lightning Protection, Part-II - Electrical Equipment and Part-III-Illumination system) for 2 x 371 MW combined cycle power plant -Stage III at Lanco Infratech Limited, Kondapalli, IDA, Dist. Krishna, Andhra Pradesh.
- e) Erection, testing and commissioning of Electrical Erection Package (Part- I - Cabling, Earthing and Lightning Protection, Part-II - Electrical Equipment and Part - III - Illumination System) for 2 x 371 MW Combined Cycle Power Plant- Stage III at Lanco Infratech Limited, Kondapalli IDA, Dist Krishna, Andhra Pradesh.
- f) Electrical works for INDMAX (FCC) and PRU of Paradip Refinery Project, for Indian Oil Corporation Limited, Paradip, Orissa
- g) Electrical works for off-sites and utilities at Indian Oil Corporation Ltd., Paradip Refineries for KazStroyService Infrastructure India Pvt. Ltd, Gurgaon, Haryana.
- h) Supply of Electrical Equipment Package pertaining to Part-I - Cabling, Earthing & Lightning Protection, Part-II Electrical Equipment & Part-III - Station Lighting Installation & Mandatory spares alongwith C&I cable laying for 2 x 660MW Lanco Babandh Thermal Power Project at Dist. Dhenkanal, Odisha, for Lanco Infratech Limited, Haryana.
- i) Erection, Testing, commissioning of Part-I Cabling, Earthing & Lightning Protection, Part-II Electrical Equipment Erection & Part-III- Station Lighting Installation & C&I Cable Laying for 2X660 MW Lanco Babandh Thermal Power Project at Dist. Dhenkanal, Odisha, for Lanco Infratech Limited, Haryana.
- j) Supply & Erection of Electrical Equipment Package for CCR Projects for Bharat Petroleum Corporation Limited at Mahul, Chembur, Mumbai, Maharashtra.

## Rockwool Insulation &amp; Refractory

During the year, the Division has successfully executed the following contracts:

- a) DHDT/NHT Heater Insulation work for Chennai Petroleum Corporation Limited, Chennai, Tamil Nadu.
- b) Application of Refractory in 3 Nos. of 60 MT Aluminium melting & holding furnaces for Vendanta Aluminium Ltd., Jharsuguda, Orissa.
- c) Heaters Refractory, Insulation & Fireproofing Work (Petron Project) for Bharat Oman Refinery Limited, Bina, Madhya Pradesh.

- d) CDU, NHT, CCR, DHDT Heaters Refractory & Insulation Work (Petron Project) for Guru Gobind Singh Refinery of HPCL Mittal Energy Limited at Bathinda, Punjab.

- e) Refractory & Insulation Maintenance Jobs at Reliance Industries Ltd., Jamnagar, Gujarat.

- f) Refractory & Insulation Maintenance Jobs at Essar Oil Ltd., Jamnagar, Gujarat.

Presently, the following Orders of the Division are under execution:

- a) Additional works of Refractory Application job for Essar Palletizing plant for Essar Steel Orissa Ltd., Orissa.
- b) Refractory Job for DCU & VGO Heaters at Essar Oil Limited, Jamnagar for Essar Projects India Ltd., Gujarat.
- c) Installation of Refractory materials for 10000 TPD Cement Plant at Thumdi, Kutch for Aditya Birla Group's ABG Cement Ltd., Gujarat.
- d) VGO, AVU, NHT & CCR Heater Refractory & Insulation Work for Indian Oil Corporation Limited at Paradip, Orissa.
- e) DCU & DHU Heater Refractory & Insulation Work for Nagarjuna Oil Corporation Limited at Cuddalore, Tamil Nadu.
- f) Design Engg. Supply & Application of Refractory for 3 Nos. Ethylene Gas Crackers at GAIL (India) Limited, Pata., Uttar Pradesh.
- g) Supply & Application of Hot Insulation for Turbines of 3 x 800 MW Ultra Mega Power Project of Coastal Gujarat Power Ltd. at Mundra, Gujarat.
- h) Application of Refractory in Pallet Plant of BMM Ispat Ltd, Bellary, Karnataka.

## Petrofab Division

Successfully completed the below mentioned projects during 2011-12:

- a) Supply and Fabrication of Structures including Sand Blasting and Painting for Daniel Measurement Solutions (Pvt.) Limited, Vadodara, Gujarat.
- b) Fabrication of Metering skid, Knock Out Drum, for Daniel Measurement Solutions (Pvt.) Limited, Vadodara, Gujarat.
- c) Fired Heater Steel Fabrication for Indian Oil Corporation Limited, Paradip FCC RR / Fresh Feed Pre-heater for JNK Heaters Co. Ltd., Korea at Vadodara, Gujarat.
- d) Fired Heaters Steel Fabrication for OMPL MRAC-LSTK 1 for JNK Heaters Co. Ltd., Korea, at Vadodara, Gujarat
- e) Supply and fabrication of Reformer Steel Structure for Uhde India Pvt. Ltd., at Vadodara, Gujarat.
- f) Supply of 1 No. of the Flue Gas Stack (023-SK-001) for Larsen & Toubro Ltd., at Vadodara, Gujarat.
- g) Fabrication, Supply, Inspection, Cleaning, Testing and Documentation of Pressure Vessel for Coen Bharat Limited at Vadodara, Gujarat.



*Jobs presently under Execution*

- a) Decoking drum, for Indian Oil Corporation Limited, Paradip, Orissa.
- b) Supply and fabrication of Incinerator including transportation for Nagarjuna Oil Corporation Limited, Cuddalore, Tamil Nadu through M/s. Zeeco India Pvt. Ltd., Mumbai, Maharashtra.
- c) Supply of convection Module for Modification of VBU to CDU Heater for Revamp Project and Supply of convection modules through Heurtey Petrochem India Pvt Ltd, for Essar Projects Limited, Gujarat.
- d) Design, Supply, Fabrication, Blasting, Painting and Transportation of Convection Bundle for Jhaghadiaa Plant for Linde, Vadodara, Gujarat.
- e) Design, Fabrication Testing and Transportation of Helium Gas Pressure Vessel Installation for Government of India, DAE, Kolkata, West Bengal.
- f) Fabrication, Testing, Painting and Assembly of Piping spools and Supply, Fabrication, Testing, Inspection of Structures including Surface preparation and Painting for Daniel Measurement Solutions (Pvt.) Ltd., Vadodara, Gujarat.

**3. ACHIEVEMENTS**

- a) Your Company has achieved 35.8 Million Man hours, a 26% increase in cumulative Construction Man hours in the FY 2012 over the previous year and with ZERO fatality.
- b) Your company has received accreditation from Indian Oil Corporation Limited, Paradip for making significant contribution towards achieving their 10.33 Million safe Man hours working.
- c) Continuation in Certification of ISO 9001:2008 for quality system management during surveillance audit conducted recently.
- d) Continuation in OHSAS 18001:2007 for Health & Safety Management system and ISO 14001:2004 for environmental management system

**4. OUTLOOK**

Your Company has booked orders aggregating to ₹ 575 Crores during the year 2011-2012 compared to order book of ₹ 874 Crores during Financial Year 2010-11. The Company has accumulated orders of about ₹ 1,250 Crores of which EPC orders contributes approx 30%. This augurs well for Company's long term strategic business.

The major orders received are given below :

Sl. No.	Client	Description	Order Value (₹ in Lacs)
1	Lafarge India Pvt. Ltd., Chittaurgarh, Rajasthan	Electro Mech. Erection Works for Cement Plant	7,401
2	GAIL (India) Limited, Pata, Uttar Pradesh	Steam Gas cracker Furnace - LSTK job.	11,573
3	Bharat Petroleum Corpn. Ltd., Chembur, Mumbai	Electrical equipment supply	1,023
4	Adani Power Pvt Limited, Ahmedabad, Gujarat	Supply of Insulation & Refractory materials for BTG package of 660 MW Power Plant	1,429
5	GAIL (India) Limited, Pata, Uttar Pradesh	Composite works for Gas Processing Unit Package	20,761
6	GAIL (India) Limited, Pata, Uttar Pradesh	Composite works for Gas Cracker Unit Package	7,213
7	Lanco Infratech Ltd, Babandh, Haryana	Electrical Erection Works for 2 x 660 MW Lanco Babandh Power plant.	1,740

The sectors in which your Company is active are oil & gas, petrochemicals, power and cement industries.

Out of these, the Cement seems to be a promising sector in the year 2012-2013. Many projects are on the anvil. Your Company is geared up to take its due position in the Cement industry in both Integrated Cement Plant and ancillary-Cement Grinding Units opportunities. Power sector, which was considered to move faster in last year, should consolidate and show more opportunities for your Company. Your Company is also closely seeking suitable opportunities in Solar Power sector, a Renewable Energy Sector, which is gaining importance in India.

Your Company is qualified and has submitted a bid to Nuclear Power Corporation of India Limited. Thus, bringing up the Company's capabilities to the notice of Nuclear Power Corporation of India Limited, which is poised to add few plants in near future.

With Indian government focusing on bringing reforms in Coal mining sector being opened to private participation coupled with government's ambitious plan for independent Freight Corridor should be a boon to the Power sector.

With the focus to meet the food adequacy for the country's populous, Government is bound to give increasing attention to Agriculture and thereby to Fertilizer Industry. Accordingly, major fertilizer projects primarily by way of expansion is on the anvil in India in next few years. Your company sees this as opportunity to undertake EPC and construction jobs in this reviving sector.

Some of the recent refineries like Guru Gobind Singh Refinery Limited, Bathinda and some old refineries would implement projects for revamp/modernization/expansion with which it is possible to get orders in this sector.

**5. OPPORTUNITIES**

Your Company though operating in midst of challenging market situation, is uniquely placed to survive & take its business forward. This is mainly due to the range of services it offers and to the variety of industries it caters to.

**CEMENT**

Domestic demand for cement has been increasing at a fast pace in India with the housing sector still leading the major consumption share. However with Government giving priority to Infrastructure in the coming 12th Plan, Cement Industry is bound to remain a growth oriented Industry. Cement companies are beginning to award contracts in EPC mode and your Company has taken note of same and taking steps to participate in such EPC contracts of not only in Integrated Cement Plants but also in standalone Grinding Units which is now the philosophy of Cement Companies to cater to their target market areas.

**OIL & GAS REFINERIES PETROCHEMICALS**

Propelled by worldwide economic growth, demand for transportation fuel is continuing to rise despite high oil prices. In India rising transportation fuel demand coupled with the LPG demand as domestic fuel would require further capacity enhancement in Refinery Industry. Further Petrochemical industry would also see more capacity enhancements mainly due to the rising per capita based demand for Fibers, Plastics, Rubber, Resins & specialty chemicals etc. and your Company with its experience in Heaters, Crackers and Construction areas can result in business opportunities.

India is also poised to increase capacities in LNG terminals as an added Natural Gas supply source in some locations. Your Company with its past experience is well placed to do some business in this area as well.

Coal Gasification, Coal Bed Methane (CBM) and Coal to Liquid (CTL) are also gaining focus in India as alternative energy source to depleting Natural Gas sources. Your company being a main player in Heaters & Crackers stand a good chance of achieving volume business in this area.

## POWER

Power Sector has been in main focus in past few years in India, however, due to supply linkage of coal, major projects have not taken off. Now with the Government to fulfill its aim of providing power to all by 2015, achieving 1000 Units per capita and also building reserve capacities for meeting peak demands, about 100,000 MW of generation capacity is foreseen to be added. Major reforms in the State Electricity Boards have taken place to rationalize tariffs, cut distribution losses, revenue realization etc., which would benefit the Power Sector for its growth and sustenance. Thermal power plants continue to remain the major Power generation mode ( 50%) although Hydro, Solar, Wind & Nuclear Power is also expected to grow.

## FERTILIZER

This Industry is one of the allied sectors of the Agricultural sphere, epicenter of Indian economy and social standing. The normal monsoon featured in the past several years has resulted in near self sufficiency in food stocks, but this agriculture now looked upon to score majorly in foreign exchange earnings as well. But the industry is facing difficulties owing to slow subsidy & pricing reforms, high cost of borrowing, inadequate feedstock allocation etc. In the cyclic and monsoon dependant industry, the Nitrogen based Urea industry is doing better than the NPK, DAP and MOP - complex fertilizer industry, wider acceptance of Urea by the Indian farmers is being the main reason.

With the raw material and feedstock situation slated to improve for this core sector, Fertilizer Industry should be the next target industry for your Company. With rich past experience your Company is well placed to get good orders whenever this industry rises from its present lull.

## STEEL

Indian steel industry is also slated for growth to keep pace with the economy as being one of the core sector. With the reforms in coal sector, coal washeries, standalone coking plants being added, this industry should look up in near future. The land acquisition and other environmental considerations among others seem to be the stumbling stone, some of them being already addressed by the Government. Your Company with its vast experience in other major sector shall seek opportunities in this industry.

With such a focus in almost all the major sectors of the Indian industry, your Company is poised for growth and increased earnings.

## 6. RISKS &amp; CHALLENGES

Mechanical construction companies in India are facing more difficulties due to difficult market conditions, currency fluctuations, countries sloping growth rate & increase in inflation, sporadic labour wage increase, increase in project overlays, fluctuating supplies of fuel & feed-stocks, pending Govt. policy on coal allotments, land acquisition etc. The cumulative effects of these conditions are to be borne by the Company like yours., inspite of being one among many of the critical contributors to the Infrastructure industry and to the country's economy.

With uncertainties prevailing in the Indian Infrastructure industry, your Company is embarking upon to explore opportunities abroad, mainly in the Middle East, Far East, Africa etc. Your Company is hopeful of getting suitable opportunities only in its core areas, as these are restricted markets, the emphasis would be in selecting the right partner. This could be a challenge for your Company to counter the trend and come out with good success.

## 7. INTERNAL CONTROLS

Your Company has a proper and adequate system of internal controls to ensure the timely and accurate recording of financial transactions and adherence to applicable accounting standards; optimum utilization & safety of assets; compliance with applicable laws, regulations, listing agreements and management policies; and an

effective management information system.

There are well defined and documented procedures, policies and authority guidelines for each function in the Company. Your Company has already engaged two independent firms of Chartered Accountants apart from the in-house internal audit team who conduct audits across all locations, project sites and business units of the Company throughout the year to test check the internal control system.

The Board of directors has an Audit Committee whose Chairman is an independent director. The Committee meets periodically with the management, internal audit team and representatives of the statutory auditors to review your Company's program of internal audits, findings & recommendations made in the auditors' (both internal & statutory) reports and the follow-up & compliance status of its earlier observations.

## 8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company is primarily engaged in undertaking engineering & construction projects, the disclosure of particulars under Section 217(1)(e) of the Act (hereinafter referred to as the Act), 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 are given below:

## Total Foreign Exchange used and earned

i) Value of Imports on CIF basis	₹ 437,491,341/-
ii) Expenditure in Foreign Currency	₹ 14,049,488/-
iii) Foreign Exchange earned	NIL

## 9. DIRECTORS

**Mr. Arvind Dabar** was appointed as an Additional Director on 29th October, 2010. He has resigned from the Board with effect from 17th May, 2011.

In terms of Article 127 of the Articles of Association of the Company, **Mr. Ravi Keswani**, Director of the Company, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

## 10. AUDITORS AND THEIR REPORT

M/s. S. R. Batliboi & Co., Chartered Accountants, Mumbai - (Registration No - 301003E), the statutory auditors of the Company - holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from them, to the effect that their appointment, if made, will be in accordance with the limits prescribed under Section 224(1B) of the Act and that, they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

The Auditors in their Report have drawn attention to Note No.4 on the following matter :

*The balance of the Sundry Creditors are in process of confirmation/reconciliation. Consequently we are unable to comment on the carrying values of these balances as recorded in these financial statements and accordingly the impact of the consequential adjustments, if any, on the Profit and Assets / Liabilities cannot be ascertained.*

The management expects to receive confirmation of balances from sundry creditors in due course of time and does not expect any material impact on profit and assets/liabilities.