



PETRON ENGINEERING CONSTRUCTION LIMITED

**37TH ANNUAL
REPORT
FY 2012-13**

LEVEL NEXT ENGINEERING



37TH ANNUAL REPORT FY 2012-13

LEVEL NEXT ENGINEERING



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Residual Process, Outline Design, Detailed Engineering, Site Survey, Procurement, Supply, Fabrication, Inspection as applicable, Testing, Pre-Commissioning, Assistance with Commissioning, Start-up & Performance Guarantee Test Run (PGTR) for AVU Heaters, Paradip Refinery Project, Paradip, Orissa



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ajay Hans - Managing Director
Ravi Keswani - Non-Executive Director
Sanjay Jain - Non-Executive Director

SENIOR MANAGEMENT

Gautam Das - Sr. Vice President-Projects
Gautam Sen - Sr. Vice President-Projects
S.C.Pyne - Sr. Vice President-Projects
Milind Sathe - Vice President-Proposals
Manoj Verma - Head-Procurement & Logistics
Pulkit Goyal - Head-Finance & Accounts

SR. VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Naresh Shah

STATUTORY AUDITORS

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

INTERNAL AUDITORS

Lodha & Company, New Delhi
Lodha & Company, Mumbai

REGISTERED OFFICE

6th Floor, Swastik Chambers,
Sion - Trombay Road, Chembur,
Mumbai-400 071
Tel: +91 22 4085 6400 / 4085 6200
Fax: +91 22 4085 6250 / 6797 3509

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Service (I) Private Limited
13 AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka, Andheri Kurla Road
Andheri (E), Mumbai-400 072
Tel: +91 22 6772 0300 / 6772 0400
Fax: +91 22 2859 1568
Email: sharepro@shareproservices.com

BANKERS

State Bank Of India
ICICI Bank Limited
Indian Overseas Bank
Axis Bank Limited
ING Vysya Bank Limited
Yes Bank Limited
IDBI Bank Limited

GROWTH
EFFICIENCY
SUSTAINABILITY
OPTIMISATION
SERVICE
PEOPLE



MESSAGE FROM THE MANAGING DIRECTOR



DEAR SHAREHOLDERS,

Fiscal 2012 - 13 was tough in terms of cash flow, not much of new business opportunities and very competitive environment, however, the Company was 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 our core business. The advanced technology with implementation of ERP and thereby integrating its major functional areas in the fiscal year 2012-13 is helping the Company apply better controls.

The Company is providing very specialized turnkey EPC / Construction solutions in the areas of Power, Cement, Refinery, Fertilizer, Steel Plants and other Process Plants etc. and continue to provide with improved and safe services to our esteemed Clients. The Company will continue with a conservative approach seeing the uncertainty and volatility in the global economy. Currently, our priorities include profitable steady growth, good composition of orders, eyeing overseas opportunities, exploring business consolidation, forward integration and strengthening net worth.

I thank the members of our Board of Directors for their advice and 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 shareholders for their commitment to the Company to drive our future growth. The Company will continue to seek opportunities to do so for years to come.

Best Wishes

Ajay Hans
Managing Director

Mumbai, 29th May 2013

Residual Process, Outline Design, Detailed Engineering, Site Survey, Procurement, Supply, Fabrication, Inspection as applicable, Testing, Pre-Commissioning, Assistance with Commissioning, Start-up & Performance Guarantee Test Run (PGTR) for VGO HDT Heaters, Paradip Refinery Project, Paradip, Orissa



NOTICE

NOTICE is hereby given that the Thirty-seventh 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 Tuesday the 30th July, 2013, 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, 2013 and the Profit & 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. Ravi Keswani, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. S. R. Batliboi & Co. LLP, 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.

➔ SPECIAL BUSINESS:

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

"RESOLVED THAT, MR. SANJAY JAIN, who was appointed as an Additional Director by the Board of Directors of the Company, with effect from 17th May, 2013, pursuant to Article 111 of the Articles of Association of the Company, 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 modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said Act as amended and subject to approval, if any, that may be required, the Company hereby accords its consent to the appointment of Mr. Ajay Hans as Managing Director of the Company, on the terms and conditions set out in the Agreement as placed before the meeting, including remuneration as set out here below, for a period of three years commencing from 5th October, 2012, which are hereby specifically approved with authority to the Board of Directors to alter and vary the same within the limits prescribed under the provisions of the Companies Act, 1956 or any amendment thereof."

- a) **Salary**
₹ 200,000/- per month from 5.10.2012 to 14.02.2013
- b) **House Rent Allowance**
₹ 100,000/- per month from 5.10.2012 to 14.02.2013
- c) **Special Allowance**
₹ 50,000/- per month from 5.10.2012 to 14.02.2013

Revised as under with effect from 15.02.2013.

- a) **Salary**
₹ 200,000/- per month
- b) **House Rent Allowance**
₹ 71,867/- per month
- c) **Special Allowance**
NIL

Perquisites :

- 1) Company's contribution to Provident Fund as per the Rules of the Company.
- 2) Leave Travel Allowance (LTA) as per Company's Policy.
- 3) Reimbursement of membership fee for 2 clubs in India (admission and life membership fee).
- 4) Gratuity calculated on Basic Salary as per the Rules of the Company.
- 5) Leave with full pay or encashment thereof as per the Rules of the Company.
- 6) Car Facility / Vehicle Allowance as per Company's Policy.

Amenities :

The Company shall provide telephone, telefax and other communication facilities at the Managing Director's residence.



➡ OVERALL REMUNERATION :

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may be in force.

➡ MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year, the salary, perquisites and other allowance that may be paid as stated above shall be considered as minimum remuneration.

The above remuneration may be altered or varied as may be agreed by and between the Company and the Managing Director.

"FURTHER RESOLVED THAT, the Board of Directors of the Company be and is hereby authorised and empowered to make such improvements in the terms of remuneration to Mr. Ajay Hans, Managing Director, as may become permissible under any amendment to Schedule XIII to the Companies Act, 1956, or any amendment thereof or by way of any Government Guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Managing Director is not in excess of the maximum permissible under the relevant Law, Rules, Regulation, Guidelines or instructions as may be promulgated or issued after the date of this meeting."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII to the said Act as amended and subject to approval, if any, that may be required, the Company hereby accords its consent to the appointment of Mr. G. K. Roy, as Whole-time Director., designated as Director (Operations) of the Company, on the terms and conditions set out in the Agreement as placed before the meeting, including remuneration as set out here below, for a period of three years commencing from 5th October, 2012, which are hereby specifically approved with authority to the Board of Directors to alter and vary the same within the limits prescribed under the provisions of the Companies Act, 1956 or any amendment thereof."

➡ REMUNERATION :

- a) **Salary**
₹ 166,667/- per month from 5.10.2012 to 14.02.2013
- b) **House Rent Allowance**
₹ 83,333/- per month from 5.10.2012 to 14.02.2013
- c) **Special Allowance**
₹ 130,000/- per month from 5.10.2012 to 14.02.2013



Revised as under with effect from 15.02.2013 TO 08.03.2013

- a) **Salary**
₹ 166,667/- -per month
- b) **House Rent Allowance**
₹ 83,333/- per month
- c) **Special Allowance**
₹ 83,437/-

Perquisites :

- 1) Company's contribution to Provident Fund as per the Rules of the Company.
- 2) Leave Travel Allowance (LTA) as per Company's Policy.
- 3) Reimbursement of membership fee for 1 club in India (admission and life membership fee).
- 4) Gratuity calculated on Basic Salary as per the Rules of the Company.
- 5) Leave with full pay or encashment thereof as per the Rules of the Company.
- 6) Car Facility / Vehicle Allowance as per Company's Policy

Amenities :

The Company shall provide telephone, telefax and other communication facilities at the Director (Operations)'s residence.

➔ OVERALL REMUNERATION :

The aggregate of salary and perquisites in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being be in force.

➔ MINIMUM REMUNERATION :

In the event of loss or inadequacy of profits in any financial year, the salary, perquisites and other allowance that may be paid as stated above shall be considered as minimum remuneration.

The above remuneration may be altered or varied as may be agreed by and between the Company and the Director(Operations).

"FURTHER RESOLVED THAT, the Board of Directors of the Company be and is hereby authorised and empowered to make such improvements in the terms of remuneration to Mr. G. K. Roy, Director (Operations), as may become permissible under any amendment to Schedule XIII to the Companies Act, 1956, or any amendment thereof or by way of any Government Guidelines or instructions, the intention being that no further approval of the Company will be required so long as remuneration of the Director (Operations) is not in excess of the maximum permissible under the relevant Law, Rules, Regulation, Guidelines or instructions as may be promulgated or issued after the date of this meeting."

By Order of the Board

Naresh Shah
Sr. V P (Legal) & Company Secretary

Mumbai, 29th May, 2013

➔ 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) 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.
- 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 22nd July, 2013 to 30th July, 2013 (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 (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.
- vii) Members desiring information on the accounts or operations of the Company are requested to write to the Company Secretary 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 Thirty-seventh 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, 2006, 31st March, 2007, 31st March, 2010, 31st March, 2011 and 31st March, 2012 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 and 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 and 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

Naresh Shah
Sr. V P(Legal) & Company Secretary

Mumbai, 29th May, 2013



➔ EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.



ITEM NO. 4:

Mr. Sanjay Jain, was appointed as an Additional Director with effect from 17th May, 2013 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. Sanjay Jain 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 ₹ 500/- from a member proposing the candidature of Mr. Sanjay Jain 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. Sanjay Jain, none of the other Directors are in any way concerned or interested in the said resolution.

ITEM NO. 5:

Mr. Ajay Hans was appointed as the Managing Director of the Company at a Board Meeting held on 5th October, 2012 for a period of three years, subject to approval by Shareholders in a General Meeting.

Mr. T. S. Das, Managing Director has resigned w.e.f. 5th October, 2012 and in his place, Mr. Ajay Hans has been appointed as the Managing Director of the Company for a period of 3 years commencing from 5th October, 2012. As the Managing Director of the Company, he is responsible for the day to day management and affairs of the Company. An Agreement to this effect was executed on 30th October, 2012.

Mr. Ajay Hans is a Mechanical Engineering Graduate with Masters of Business Finance (MBF) and Masters in Business Administration (MBA).

The terms and conditions of appointment and remuneration payable to Mr. Ajay Hans as the Managing Director of the Company as given here in above in the Notice should be treated as Abstract of the terms of his appointment and Memorandum of Interest under section 302 of the Companies Act, 1956

The appointment of Mr. Ajay Hans as Managing Director of the Company is subject to approval of the Members in a General Meeting in terms of the provisions of Section 198, 269, 309 and other applicable provision, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, and subject to such other approvals, if any, that may be required.

The Copy of the Agreement entered into between the Company and Mr. Ajay Hans in connection with his appointment as Managing Director of the Company is available for inspection at the Registered Office of the Company on any working day upto and including the date of Annual General Meeting or any adjournment or adjournments thereof.

The Board of Directors recommends the passing of the Special resolution.

Except Mr. Ajay Hans, none of the other Directors are in any way concerned or interested in the said resolution.

ITEM NO. 6:

Mr. G. K. Roy was appointed as the Whole-time Director and designated as the Director(Operations) of the Company at a Board Meeting held on 5th October, 2012 for a period of three years, subject to approval by Shareholders in a General Meeting.

Mr. G. K. Roy has a degree in Mechanical Engineering and a Management Degree in Marketing and Business Administration from USA.

In view of the substantial increase in operations of the Company, the Board of Directors of the Company had appointed Mr. G. K. Roy as Director(Operations) of the Company to assist the Managing Director in day to day affairs of the Company.

The terms and conditions of appointment and remuneration payable to Mr.G.K.Roy as the Director(Operations) of the Company as given here in above in the Notice should be treated as Abstract of the terms of his appointment and Memorandum of Interest under section 302 of the Companies Act, 1956.

The appointment of Mr. G. K. Roy, Director (Operations) of the Company is subject to approval of the Members in a General Meeting in terms of the provisions of Section 198, 269, 309 and other applicable provision, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, and subject to such other approvals, if any, that may be required.

Mr. G. K. Roy has resigned w.e.f. 8th March, 2013.

The Copy of the Agreement entered into between the Company and Mr. G. K. Roy in connection with his appointment as Director (Operations) of the Company is available for inspection at the Registered Office of the Company on any working day upto and including the date of Annual General Meeting or any adjournment or adjournments thereof.

The Board of Directors recommends the passing of the Special resolution.

None of the Directors other than Mr. G. K. Roy are concerned or interested in the resolution.

Mumbai, 29th May, 2013

**By Order of the Board**

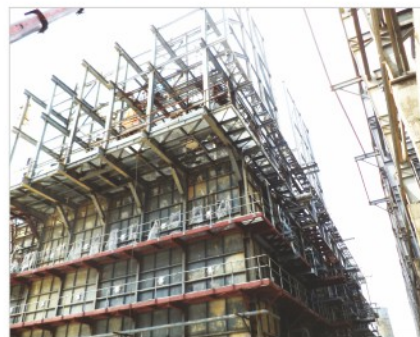
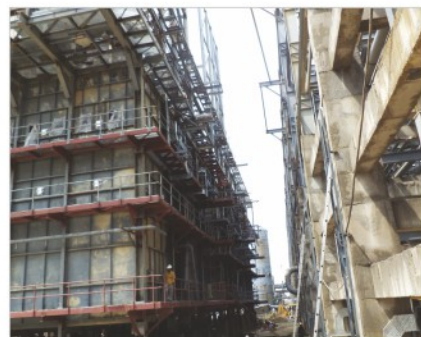
Naresh Shah

Sr. V P(Legal) & Company Secretary

Residual Process, Outline Design, Detailed Engineering, Site Survey, Procurement, Supply, Fabrication, Inspection as applicable, Testing, Pre-Commissioning, Assistance with Commissioning, Start-up & Performance Guarantee Test Run (PGTR) for NHT/CCR Heaters, Paradip Refinery Project, Paradip, Orissa



Residual Structural Design/ Detailing, Procurement & Supply of Cracker Furnace System Components/Auxiliaries, Fabrication/ Subassembly & Erection including Final Assembly & Testing of Cracker Furnace Coils for Cracker Furnace Package of Gas Authority of India Ltd. Petrochemical Complex-II, Pata, U.P.



DIRECTORS' REPORT

TO THE MEMBERS,

The Directors of Petron Engineering Construction Limited have pleasure in presenting the Thirty-Seventh Annual Report and the Audited Financial Statements of your Company for the year ended 31st March, 2013.

A. FINANCIAL RESULTS

During the year under review, the Income from Operations / Sales have declined to ₹ 52,427 Lacs as compared to ₹ 67,156 Lacs in the previous year (down by 21.95 %). However, the Other Income has increased to ₹ 1,340 Lacs in the current year from ₹ 134 Lacs in the previous year. The Profit Before Interest, Depreciation and Tax has declined to ₹ 4,176 Lacs in the current year as compared to ₹ 7,642 Lacs in the previous year. However, the Finance Cost has increased to ₹ 2,236 Lacs in the current year as compared to ₹ 1,273 Lacs in the previous year. The profit before Depreciation and Tax is ₹ 1,940 Lacs in the current year as compared to ₹ 6,369 Lacs in the previous year.

The profit after providing for Depreciation but before Tax is ₹ 310 Lacs in the current year as compared to ₹ 4,772 Lacs in the previous year. However, after providing tax expenses for the current year and earlier years, the profit for the year is ₹ 8.79 Lacs as compared to ₹ 3,200 Lacs in the previous year.

	For The Year Ended 31st March, 2013 (Amount ₹)	For The Year Ended 31st March, 2012 (Amount ₹)
Income from Operations	5,242,660,309	6,715,639,333
Other Income	133,951,269	13,422,787
Total Income	5,376,611,578	6,729,062,120
Profit before Interest, Depreciation and Taxes	417,574,537	764,151,878
Finance Cost	223,619,595	127,259,555
Profit before Depreciation and Taxes	193,954,943	636,892,323
Depreciation	162,933,472	159,721,570
Profit before Tax	31,021,471	477,170,754
Tax Expenses (Including Taxes for Earlier Years)	30,141,879	157,156,239
Profit for the Year	879,592	320,014,515

B. DIVIDEND

No Dividend has been recommended by the Board due to inadequate profit during the year.