



PETRON ENGINEERING CONSTRUCTION LIMITED

39th ANNUAL REPORT FY 2014-15



CONTENTS

Corporate Information 3

Message from the Managing Director 5

Notice 7

Directors' Report 21

Report on Corporate Governance 41

CEO & CFO Certification 53

Secretarial Audit Report 54

Independent Auditors' Report 58

Financials

Balance Sheet 62

Profit & Loss Account 63

Statement of Cash Flows 64

Notes to the Financial Statements 65



Design, Engineering, Manufacturing including Fabrication, Painting, Inspection, Testing, Packing and Supply of the Platformer-3 New Convection Bank (F-9601 & E-9602) alongwith the associated ducting and supporting arrangement in two parts, Part A and Part B (both included) for Essar Oil Stanlow Refinery (UK) Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ajay Hans	- Managing Director
Ravi Keswani	- Director (Non-Executive)
Sanjay Jain	- Director (Non-Executive –Independent)
Sudhir Kumar Jain	- Director (Non-Executive –Independent)
Nandita Vijay Gupta	- Director (Non-Executive –Independent)

CHIEF FINANCIAL OFFICER

Himanshu Mohapatra

SR. VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Naresh Shah

SENIOR MANAGEMENT

G. S. Jain	- President (Projects)
Gautam Sen	- Sr. Vice President (Projects)
S. K. Datta	- Sr. Vice President (Projects)
S.P. Mridha	- Vice President (Projects)
Manoj Verma	- Vice President (Procurement)
Raghavan K.	- Sr. General Manager (Proposals)
J. Banerjee	- Head (HR)
Manish Jantikar	- Assistant Vice President (BD & Planning)

STATUTORY AUDITORS

S R B C & Co. LLP
14th Floor, The Ruby,
29, Senapati Bapat Marg,
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 400071
CIN : L45202MH1976PLC019135
Tel: +91 22 4085 6200
Fax: +91 22 4085 6250 / 6797 3509

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.
Samhita Complex
Gala No-52 to 56, Bldg No.13 A-B
Near Sakinaka Telephone Exchange
Andheri-Kurla Road, Sakinaka
Mumbai – 400072.
Telephone 022 6772 0300 / 022 6772 0400
Fax No : 022 2859 1568 / 2850 8927
Email – sharepro@shareproservices.com

BANKERS

State Bank of India
ICICI Bank
Indian Overseas Bank
Axis Bank
IDBI Bank
Kotak Mahindra Bank
Yes Bank

GROWTH
EFFICIENCY
SUSTAINABILITY
OPTIMIZATION
SERVICE
PEOPLE

MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholders,

As we all know, the global economy has made a significant impact due to varied risks worldwide for almost a year now and this has left a long and deep impact on the developing economies. In spite of low capital investment in new projects, our turnover has still grown more than 10% for FY 2014-15. However, we foresee a bright future with immense growth & opportunity through the “Make in India” initiative, which would provide a gateway and boost for the manufacturing Industry. This will create new demand for construction activities, which is the core business of your Company.

FY 2014-15 has been really challenging for the entire Construction Industry which was undergoing a struggle in receiving new orders, however, your Company booked new orders aggregating to Rs. 232 crores and the accumulated order backlog approximately amounted to Rs. 1147 crores.

“Make in India” concept has invited various companies across the world to manufacture in India & these companies would require construction support for their projects in India. Your Company would seek such opportunities to tie – up with such foreign companies for providing construction services for their projects.

Your Company is providing very specialized Turnkey / Composite construction solutions under one roof in the areas of Power, Cement, Refinery / Oil & Gas, Fertilizer & Petrochemical, Steel Plants and other process plants.

Over a period of time, your Company has developed the capabilities of executing vertical construction contracts covering comprehensive scope like Civil & Structural works, Plate & Ducting works, Equipment Erection, HP & LP Plant Piping works, Offsite Fabrication, Electrical & Instrumentation, Refractory & Insulation across all sectors which will be a preferred mode of execution of future contracts and multiple project execution simultaneously.

Quality & Safety will continue to be our key priority and we will constantly provide safe & best services to our prestigious clients. We will strictly adhere to Integrated Management System i.e. ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 along with applicable International Standards.

I would like to thank the members of the Board of Directors for their guidance & commitment. I would also like to thank the employees at all levels, involved either directly or indirectly with the projects.

I am thankful to all our bankers for their support. Finally, I would like to thank all our stakeholders, customers, suppliers, vendors and the various Governments and regulatory agencies for the support extended to us in such challenging times and I hope to continue to receive your support in the future as well.

Best Wishes

Ajay Hans
Managing Director

Mumbai, 8th August, 2015



Mechanical, Electrical & Instrumentation, Refractory, Insulation works alongwith Successful Commissioning of 5000 TPD Cement Plant for Lafarge India Pvt. Ltd., Bhawaliya, Chittaurgarh, Rajasthan.



Mechanical, Electrical, Instrumentation, Fabrication & Erection Works for Cement Grinding Unit for Ramco Cements Ltd., Anakapalle, Vizag, Andhra Pradesh.

NOTICE

NOTICE is hereby given that the **Thirty-ninth Annual General Meeting** of the members of Petron Engineering Construction Limited will be held at "OASIS", Opp. Tata Institute of Social Science, Deonar, Mumbai 400 088, on **Friday, the 25th September, 2015**, at **3.30 p.m.** to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31st March, 2015 and the Reports of the Board of Directors and the Auditors of the Company.
2. To appoint a Director in place of Mr. Ravi Keswani, (DIN 00034756) who retires by rotation and, being eligible, offers himself for re-appointment.
3. **To appoint Statutory Auditors of the Company and fix their remuneration**

To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution.

To consider, approve and ratify the appointment of M/s. Lodha & Co., Chartered Accountants, New Delhi, (Registration No. 301051E), as Statutory Auditors in terms of the provisions of Section 139, 140 and 142 of the Companies Act, 2013 in place of M/s. S R B C & Co., LLP, Chartered Accountants who have resigned, to hold office from the date of appointment (w.e.f. 08/08/2015) until the conclusion of the 44th Annual General Meeting, subject to ratification by the members / shareholders at every Annual General Meeting, on a remuneration to be decided by the Board of Directors in consultation with them.

SPECIAL BUSINESS:

4. **Appointment of Mrs. Nandita Vijay Gupta as Independent (Woman) Director.**

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

"RESOLVED THAT, pursuant to the provisions of Section 149(1) and 149(6) of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and in terms of SEBI Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, and the provisions of Clause 49 of Listing Agreement relating to Corporate Governance, Mrs. Nandita Vijay Gupta, (DIN 07177145), was appointed as an Additional Director of the Company w.e.f. 13th May, 2015 and whose term of office expires at this Annual General Meeting and who has offered herself for appointment as Independent (Woman) Director, and in respect of whom the Company has received a Notice in writing from a member under section 160 of the Companies Act, 2013, proposing her candidature for the Office of Director, be and is hereby appointed as an Independent (Woman) Director of the Company to hold Office for a term upto 31st March, 2020."

5. **Ratification Of Cost Auditors' Remuneration**

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

"RESOLVED THAT, pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dilipkumar Vitthalrao Athavale, Cost Accountants, (Membership No. 29450) (Firm Registration No. 100936), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company, for the Financial Year ending 31st March 2016, be paid a remuneration of Rs. 50,000/- plus service tax as applicable and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit.

"RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

"RESOLVED FURTHER THAT, Certified True Copy of the foregoing resolution be forwarded wherever required."

6. To adopt Articles of Association of the Company containing Regulations in conformity with the Companies Act, 2013.

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 14 and all other applicable provisions of the Companies, Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulation contained in the existing Article of Association of the Company.”

“RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. Re-appointment of Mr. Ajay Hans as Managing Director of the Company for a further period of 3 years on the same terms and conditions, including remuneration.

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 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 and Schedule V to the said Act as amended and subject to approval, if any, that may be required, the Company hereby accords its consent to the re-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 further period of three years commencing from 5th October, 2015 to 4th October, 2018, 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, 2013 or any amendment thereof.”

REMUNERATION :

Details	Amount Rs. (p.a.) (To be paid w.e.f. 05/10/2015 upto the remaining period of his tenure)
Basic Salary	48,00,000/-
House Rent Allowance	24,00,000/-
Special Allowance	4,80,000/-
Total	76,80,000/-

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
- 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
- 7) Reimbursement of Medical Expenses

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 196, 197 and 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V 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 Managing Director.

“RESOLVED FURTHER that all the other perquisites for i.e. reimbursement of medical expenses, contribution to provident fund, reimbursement of club fees, gratuity, leave travel assistance, leave encashment, conveyance and communication facilities including other terms and conditions regarding Overall Remuneration and Minimum Remuneration remains unchanged.”

“RESOLVED FURTHER that, the Board of Directors of the Company be and is hereby authorized 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 V to the Companies Act, 2013, 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.”

“RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, to give effect to this resolution.”

8. Issue of further securities.

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 42, 62 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014 and all applicable Rules framed there under (including any amendments / modifications thereto or re-enactment thereof) (the “Companies Act”) and pursuant to the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the “SEBI ICDR Regulations”) as amended, and subject to all the other rules, regulations, guidelines, notifications and circulars prescribed by the Securities and Exchange Board of India (“SEBI”), the applicable provisions of the Foreign Exchange Management Act, 1999, as amended (“FEMA”) and regulations there under and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company’s equity shares are listed (“Listing Agreements”) and in accordance with the applicable regulations and / or guidelines issued by any other competent authorities and / or clarifications issued thereon, from time to time and subject to all such approvals, permissions, consents and / or sanctions as may be necessary from the Government of India (“GOI”), the Reserve Bank of India (“RBI”), SEBI, the stock Exchanges, the Ministry of Finance (Department of Economic Affairs) and Ministry of Commerce & Industry (foreign Investment Promotion Board / Secretariat for Industrial Assistance) and / or all other ministries, departments or other statutory or local authorities of the GOI and / or any other competent governmental or regulatory authorities as may be required, whether in India or outside India (hereinafter collectively referred to as ‘Appropriate Authority’) and subject to such conditions and / or modifications as may be prescribed by any of them while granting such approvals, permission, consents and / or sanctions (hereinafter referred to as “Requisite Approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include Managing Director and / or any Director (s) of the Company, delegated with the powers necessary for the purpose, including the powers conferred by this Resolutions), consent of the Members of the Company be and is hereby accorded to the Board of Directors or Managing Director thereof to create, offer, issue and allot in one or more tranches, in the course of offering(s) in one or more domestic market, for a value of upto 75 Crores (Rupees Seventy-five Crores only), such number of Equity Shares, Fully Convertible Debentures (“FCDs”) and/or Non-convertible debentures (“NCDs”) with warrants, or any other financial instruments convertible into or linked to Equity Shares and/or any other instruments and/or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form including without limitation, the Securities as defined under the Securities Contract Regulation Act, 1956 and the rules made thereunder as amended from time to time (hereinafter