



PETRON ENGINEERING CONSTRUCTION LIMITED



LEVEL NEXT ENGINEERING

A large graphic on the left side of the page. It features a large blue arrow pointing to the right, containing the text '37TH ANNUAL REPORT FY 2012-13'. Below the arrow is a cluster of 3D cubes in shades of blue, orange, and white. The text 'LEVEL NEXT ENGINEERING' is positioned at the bottom right of this cluster.

37TH ANNUAL REPORT FY 2012-13

LEVEL NEXT ENGINEERING

A large, faint geometric graphic consisting of many overlapping triangles and lines, resembling a map or a complex network, located in the upper right quadrant of the page.

CONTENTS



Corporate Information	➔	3
Message from the Managing Director	➔	5
Notice	➔	7
Directors' Report	➔	17
Report on Corporate Governance	➔	31
CEO & CFO Certification	➔	48
Auditors' Report	➔	51
Balance Sheet	➔	57
Profit & Loss Account	➔	58
Statement of Cash Flows	➔	59
Notes to Financial Statements	➔	60

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 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.

"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.

By Order of the Board

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

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

➔ 1. INDUSTRY TRENDS & DEVELOPMENTS

With Indian Government's view to renew focus on Infrastructure development and prioritize the need for greater Infrastructure development, Infrastructure Industry in India is surely poised for Growth. Petron is optimistic in meeting its share of Engineering Construction business under a major challenging scenario.

Power, Cement and Refineries are considered major concentration areas for further business volumes for Petron. To bridge the ever increasing Gas demand and supply situation in Natural Gas, new LNG Terminals are being planned in India and Petron is focusing this sector. Few Fertilizer plants expansion projects are announced, this being one of its core area, Petron is also working in this sector.

Thus, Petron is geared up to align to participate for such Projects to achieve a sustainable business in its challenging times.

➔ 2. DIVISION WISE PERFORMANCE

ENGINEERING & CONSTRUCTION



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 & 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 of Paradip Refinery Project for Indian Oil Corporation Limited at Paradip, Orissa.
- d) Engineering, Procurement, Construction & 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) Mechanical Erection & Electrical Installation at Chittaurgarh Cement Plant Project, Rajasthan of Lafarge India Pvt. Ltd., Chittaurgarh, Rajasthan.
- g) Erection, testing, Commissioning, trial operations and handing over 2 x 600 MW Boilers for DVC Raghunathpur Power Project as Sub-contractors to Utility Energytech and Engineers Private Limited.
- h) Composite works for Gas Processing Unit for Petrochemical Complex –II of Gail (India) Limited at Pata, Uttar Pradesh.

- i) Composite works for Gas Cracker Unit for Petrochemical Complex –II of Gail (India) Limited at Pata, Uttar Pradesh.
- j) Cracker Furnace Package for Petrochemical Complex –II of Gail (India) Limited, at Pata, Uttar Pradesh
- k) Erection, Testing, Commissioning and performance Guarantee (PG) Tests of Boiler and its Auxiliaries alongwith Critical Piping for Unit 1 & 2 of 1320 MW (Phase-I, 2 x 660MW) Kawai Thermal Power Project, for Adani Infra (India) Limited, at Kawai, Rajasthan.

The Work on the following recently awarded projects have commenced:

- a) Mechanical, Electrical and Instrumentation, Fabrication and Erection works for the proposed cement Grinding Unit at Anakapalli, Visakhapatnam of Madras Cements Limited, Chennai.
- b) Erection, Testing, Commissioning, Performance and Guarantee testing for Boiler and Auxiliaries Packages for NCC Power Project (2x 660MW) Unit I & Unit II at Nellore, Andhra Pradesh for NCC limited

PETRON MECHANICAL INDUSTRIES

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

- a) Design, Engineering, Manufacturing, Supply, Erection and Commissioning of 6 numbers of EOT Cranes of 10 T, 15 T and 20 T Capacities for Inox India Ltd, Kalol, Gujarat.
- b) Design, Manufacturing and Supply of 10 T Capacity, Double Girder Gantry Crane for Hydac (India) Pvt. Ltd., Bhiwandi, Maharashtra.
- c) Manufacture and Supply of Skid Mounted Modules to Sterling & Wilson Co-Gen Solutions Pvt. Ltd, Mumbai for their Alusa Power Project at Nigeria.
- d) Erection of various capacities of EOT Cranes at Bharat Aluminium Company Ltd, Korba, Chhattisgarh.

ELECTRICAL & INSTRUMENTATION

During the year following contract has been completed:

Erection, Testing and Commissioning of Electrical and Lighting equipment and instrumentation equipment at Ariyalur Line-2 Project of Madras Cements Limited, Tamil Nadu.

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

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) Electrical works for INDMAX(FCC) and PRU of Paradip Refinery Project, for Indian Oil Corporation Limited, Paradip, Orissa
- f) Electrical works for off-sites and utilities at Indian Oil Corporation Ltd., Paradip Refineries for KazStroyService Infrastructure India Pvt. Ltd, Gurgaon, Haryana.
- g) Supply and Erection of Electrical Equipment Package for CCR Projects for Bharat Petroleum Corporation Limited at Mahul, Chembur, Mumbai, Maharashtra.
- h) Electrical Installation Work for Purified Terephthalic Acid (PTA) 5 at Reliance Industries Ltd, Dahej Manufacturing Complex, Gujarat.
- I Design, Engineering, Procurement, Manufacture, Supply, Inspection and P. T. O. Testing of Electrical Installation work package for Prayagraj Thermal Power Project (3 x 660 MW) at Tehsil – Bara, Allahabad, Uttar Pradesh.

ROCKWOOL INSULATION & REFRACTORY

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

- a) Supply and Application of Wrapping and Coating material UG Pipes for Reliance Industries Ltd, Dahej, Gujarat.
- b) Installation of Refractories for 10000 TPD Cement Plant for ABG Cement Ltd., Thumdi, Kutch, Gujarat.
- c) Supply and application of Hot Insulation for Turbines of 3 x800 MW Ultra Mega Power Project of CGPL (Tata Power), Mundra, Gujarat.

- d) Refractory and Insulation Jobs at Reliance Industries Ltd at Jamnagar and Hazira Gujarat.
- e) Refractory and Insulation Jobs at Essar Oil Ltd, Jamnagar, Gujarat.
- f) Application of Refractories in Pallet Plant of BMM Ispat Ltd, Bellary, Karnataka.
- g) Wrapping and Coating of UG Pipelines at Reliance Industries Ltd, Silvassa, Union Territory.



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

- a) Application of Refractory and Insulation work for Lafarge Cement Plant – Chittorgarh, Rajasthan.
- b) VGO, AVU, NHT / CCR Heaters and Insulation work for Indian Oil Corporation Ltd, Paradeep, Orissa.
- c) Design Engineering, Supply and Application of Refractories for 3 Nos. Ethylene Gas Crackers at GAIL (India) Ltd, Pata, Uttar Pradesh.
- d) Insulation for composite works – GCU and GPU for GAIL (India) Ltd, Pata, Uttar Pradesh.
- e) Insulation jobs (ARC) at Reliance Industries Ltd, Jamnagar, SEZ and Hazira, Gujarat.
- f) Insulation jobs (ARC) at Essar Oil Ltd, Jamnagar, Gujarat.
- g) Application of Hot Insulation job for Piping/Equipment for PFY Project, at Reliance Industries Ltd, Silvassa Union Territory.
- h) Wrapping and Coating for UG Pipelines at IDC for Reliance Industries Ltd, Jamnagar., Gujarat.
- i) Supply and Application of Insulation and Refractory material along with all ancillaries for BTG and its auxiliaries for 660 MW Unit of Adani Infra Power Project, Kawai Thermal Power Project, Kawai, Rajasthan.

PETROFAB DIVISION

During the year, this Division has successfully completed the below mentioned projects:

- a) Supply and Fabrication of Structures including Copper Slag Blasting and Painting for Daniel Measurement Solutions (Pvt.) Limited, Vadodara, Gujarat.
- b) Fired Heater Steel Fabrication for Indian Oil Corporation Limited, Paradip FCC RR/Fresh Feed Pre-heater for JNK India Pvt. Ltd., Maharashtra for IOCL Paradip, Orissa.
- c) Fired Heaters Steel Fabrication for OMPL MRAC-LSTK 1 for JNK India Pvt. Ltd., Maharashtra for OMPL, Mangalore, Karnataka.

- d) Supply and fabrication of Reformer Steel Structure and Combustion Air Ducts for Uhde India Pvt. Ltd., for OCL Paradip, Orissa.
- e) 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.
- f) Design, Supply, Fabrication, Blasting, Painting and Transportation of Convection Bundle for Jhaghadia Plant for Linde Ltd., Vadodara, Gujarat.

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

- a) Design, Fabrication Testing and Transportation of Helium Gas Pressure Vessel Installation for Government of India, DAE, Kolkata, West Bengal.
- b) 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.
- c) Detailing and Supply of Air Grid Distributor for Regenerator for Indian Oil Corporation Limited, Vadodara.
- d) Supply of Refractory Materials for Adani Infra Power Project, Kawai-Rajasthan.
- e) Supply of 2 ton Capacity Overhead Crane of 19.5 M Span for JSC "OGCC KazStroyService", Kazakhstan.

→ 3. ACHIEVEMENTS

- a) Your Company has achieved 33.2 Million Man hours, in the FY 2012-13 and with ZERO fatality.
- b) The Company has been re-certified for the Integrated Management System – combining both QMS ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004.

→ 4. OUTLOOK

Your Company has booked orders aggregating to ₹ 204 Crores during the year 2012-2013 compared to order book of ₹ 575 Crores during Financial Year 2011-12. The Company has accumulated orders of about ₹ 872 Crores of which EPC orders contributes approx. 37%.

The major orders received are given below:



SI No.	Client	Description	Order Value (₹ In Lacs)
1	Madras Cements Limited	Mechanical, Electrical, Instrumentation, Fabrication and Erection work for a Cement Grinding unit at Vishakapatnam.	4,150
2	NCC Limited	Erection, Testing, Commissioning, Performance and Guarantee Testing for Boiler and Auxiliary Package for 2 x 660 MW power plant at Nellore, Andhra Pradesh.	12,650

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

Out of these, Petro-chemicals, Power and Cement seems to be promising Sectors for the year 2013-14. Power Sector was expected to move faster but due to inadequate supply of coal and gas, the Power Sector has not progressed in the past. However, various Power Companies are tying up with foreign countries for Coal. The Power Sector is expected to throw ample opportunities to your Company for growth.

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.

In the coming years, with the growth in Agriculture, Fertilizer Industry is also expected to grow. Your Company is expected to undertake EPC and Construction jobs in the Fertilizer Industry.

→ 5. OPPORTUNITIES

Your Company though operating in midst of challenging market situation, is uniquely placed to survive and 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

Cement industry in India is poised for continuous growth to keep its pace with infrastructure growth in the country. Major Companies are implementing expansion by awarding EPC Contracts and therefore, Petron is taking necessary steps to participate in such EPC Contracts. Petron is focused to achieve considerable volume in this Sector. With Cement Company's trend of adding Offsite Grinding Units, Petron is also concentrating in this sector.



OIL & GAS, REFINERIES, PETROCHEMICALS

Currently, although Indian Refining Industry has reached a Refining capacity to meet domestic demand and potential of exports of refined products demand, few strategic expansions are under way in India.

Large sized Petro-chemical Projects are expected to be implemented in the coming years as the demand for Fibers, Plastic, Rubber, Resins, and Specialty Chemicals are expected to rise. Your company's experience in Heaters, Crackers and related construction areas will result in good amount of business opportunity.

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 source. Your Company will look out for business opportunity in this Sector.

POWER

There is a large opportunity in Power Sector as there is a huge shortage of power due to increasing population and increased industrial consumption. However, due to supply constraints of coal and gas, major projects in the area of Thermal Power are not taking off. Major Corporates are tying up with foreign countries for their coal requirements so as to meet the power generation capacity. Your Company can expect to get orders in this Sector.

There is also a big scope in Hydro, Solar, Wind and Nuclear Power which is also expected to grow in the coming years.

FERTILIZER

India is primarily an agricultural country. The requirement of Fertilizer is very huge for the growth of Agriculture Sector as the consumption of food grains has increased due to the increased population. Normal monsoons will lead to enhanced requirement of Fertilizer and therefore the growth in Fertilizer Sector is expected. Your Company is well placed to execute projects in Fertilizer Sector in the coming years.

STEEL

The per capita consumption of steel in India is still at about 1/3rd of Global Average and to meet further demand from various infrastructure projects, the Indian Steel Industry has a major potential growth. In the last few years, Steel Industry is facing acute shortage of iron ore and coal on account of environmental considerations which is badly affecting further expansion. However, the Central Government and State Government are clearing some of the hurdles which will help for development of Steel Industry. Your Company, with its vast experience in other major sectors shall look out for opportunities in Steel Industry.

6. RISKS & CHALLENGES

Mechanical Construction Companies are facing difficulty due to difficult market conditions, increased inflation, sporadic labour wage increase, fluctuating supply of feed-stocks, cost overruns due to the delay in Government approvals, land acquisition etc.

The cumulative effects of these conditions will have to be borne by your Company.

Due to the uncertainty in the Indian Infrastructure Industry, Your Company is also looking out to explore opportunities in the Middle East, Far East and Africa etc.

A challenging year is ahead for your Company to come out with 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 and 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 engaged an independent firm 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 and recommendations made in the auditors' (both internal and statutory) reports and the follow-up and 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 and 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:

a.	Value of Imports on CIF basis	₹ 317,162,688
b.	Expenditure in Foreign Currency	₹ 14,649,349
c.	Foreign Exchange earned	NIL



9. DIRECTORS

Mr. Ajay Hans has been appointed as an Additional Director and designated as the Managing Director of the Company with effect from 5th October, 2012 for a period of 3 years. His appointment is subject to approval by Shareholders at the ensuing 37th Annual General Meeting.

Mr. Ajay Hans is a Mechanical Engg. Graduate with Masters in Business Finance (MBF) and Masters in Business Administration (MBA) with specialization in Marketing. He is a versatile professional having more than 20 yrs of work experience in Business Development, Tendering and Estimation, Contracts Management, Project Management and Execution, Finance Management, Procurement and Materials Management of Engg, Procurement and Construction (EPC) Projects on various National and International Projects.

He has worked with KazStroyService Group in Almaty, Kazakhstan as Executive Director / Director – Contracts and Commercial. He had also worked with other reputed MNCs like DLF, Sumitomo Corporation, Enron, Dodsai, HIRCO etc.

He has worked with Petron Civil Engg. Pvt. Ltd., India as Jt. Managing Director and has contributed in expanding the operations including EPC developments in India and Overseas.

He has been an honorable recipient of "Udyog Ratan Award" for outstanding performance in the field of Industrial Development.

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.

Mr. T. S. Das was appointed as an Additional Director with effect from 14th May, 2007. He was a Managing Director w.e.f. 10th January, 2008 and resigned on 5th October, 2012.

Mr. R. Sankaran was appointed as an Additional Director being Non-Executive (Independent) Director with effect from on 29th June, 2009. He expired on 28th February, 2013.

Mr. G. K. Roy was appointed as an Additional Director and designated as Director (Operations) w.e.f. 5th October, 2012. He has resigned from the Board on 8th March, 2013.

Dr. S. Rama Iyer, was appointed as an Additional Director being Non-Executive (Independent) Director with effect from on 30th January, 2009. He has resigned from the Board w.e.f. 17th May, 2013.

Mr. Sanjay Jain has been appointed as an Additional Director being Non-Executive (Independent) Director w.e.f. 17th May, 2013. His appointment is subject to approval by Shareholders at the ensuing 37th Annual General Meeting.

➔ 10. AUDITORS AND THEIR REPORT

M/s. S. R. Batliboi & Co. LLP (Registration No - 301003E), Chartered Accountants, Mumbai – 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 & 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. 3 on the following matter

Auditors' Qualification:

We report that as at March 31, 2013 Trade receivables of ₹ 1,278 lacs (net of mobilization advance of ₹ 2,926 Lacs), unbilled revenue being dues receivable from a customer amounting to ₹ 6,256 Lacs and trade payables of ₹ 1,866 Lacs relating to a contract, are subject to final confirmations from the



respective parties as the matter is under negotiation. In the absence of such confirmation and pending final outcome of the negotiations, we are unable to comment upon the amounts ultimately receivable / payable in respect of this contract and the consequential impact, if any, on the reported loss for the quarter ended March 31, 2013 and the reported profit for the year ended March 31, 2013 and corresponding Assets and Liabilities as at that date.

Company's Response

The Company has received a written communication in May, 2013 from the customer affirming their intent to revive the subject mega project (the largest private investment in the region) – which is nearly 60% complete – within this year, which had hit a temporary roadblock because of the cost escalation, natural disaster and financial constraints. As per the communication, the customer is persistently endeavoring to get required equity infusion from current and/or new investors to eventually do a financial closure. Apart from the above letter, the same has also been reaffirmed by the top executives of the customer in discussions. As qualified by the auditors in their report on the realization of trade receivables and unbilled revenue, the management hereby informs that the amount outstanding in the form of trade receivables is duly confirmed by the customer as payable while the unbilled revenues are in the form of unfinished works and inventories, most of which are marketable, if required. The management is confident of its recovery in due course of time.

Further, the accounts payable shall be subject to the reconciliation of the work performed at the said project and can be accurately ascertained after re-negotiation upon restart of the project or otherwise, as the case may be.

➔ 11. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules 1975 forms part of this Report. As per provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Shareholders of the Company, excluding the statement of particulars of the employee under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

➔ 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- that in the preparation of annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

➔ 13. TRANSFER OF UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) of the Act, the declared dividend which remained unpaid or unclaimed for a period of 7 years has been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Act.

➔ 14. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance and Certificate from the Practising Company Secretary thereon are given in the Annexure which forms part of Directors' Report.

➔ 15. ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the contribution from employees at all levels.

The Company takes this opportunity to offer its sincere thanks to the Company's bankers for their unstinted support and continued confidence in the Company and also places on record its sincere thanks to all clients for their co-operation.

➔ 16. CAUTIONARY STATEMENTS

Statements in this report on management discussion and analysis, describing the Company's objectives or outlook, opportunities, expectations and estimates may be forward-looking statements within the meaning of applicable laws or regulations, actual results could, however, differ materially from those expressed or implied.

Mumbai, 29th May, 2013

By Order of the Board

Ajay Hans
Managing Director

Ravi Keswani
Director



Erection & Associated Works of Boiler & Auxiliaries & TG Auxiliaries for Unit 1 & 3 for 3X660 M.W. Tiroda Thermal Power Project, Adani Power Maharashtra Ltd., Tiroda, Maharashtra



Mechanical, Equipment Unloading & Erection Works for 5000 TPD Cement Plant, Lafarge Cement, Chittaurgarh, Rajasthan



REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has introduced a code of Corporate Governance for implementation by Companies listed on the Stock Exchanges in terms of Clause 49 of the Listing Agreement. Corporate Governance is a set of principles, processes and systems to be followed by the directors, management, and all employees of the Company for enhancement of shareholders' value, keeping in view interests of other stake holders. The integrity, transparency and compliance with laws in all dealings with government, customers, suppliers, employees and other stakeholders are the objectives of Good Corporate Governance.

Your Company has complied in all material respects with the features of Corporate Governance stipulated in the Listing Agreement.

The Directors present the Company's Report on Corporate Governance.

➔ 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company is in service industry providing construction services for the projects in core and infrastructure sector. The Company's philosophy is to provide quality services and endeavour to complete the assignments on time and thereby earn the satisfaction and trust of the clients and to that end the Company motivates the employees and imbibes in them a sense of involvement by decentralizing the decision making and encourages the other contributors like contractors and suppliers to co-operate. The Company believes in good work practices and transparency to enhance the value of the shareholders and other stakeholders.

➔ 2. BOARD OF DIRECTORS

The Company's Board of Directors as on 31st March 2013 consists of Three Directors. The Directors include, Managing Director, One Non-Executive Promoter Director and One Non-Executive Independent Director.

- Mr. Ajay Hans is the Managing Director of the Company.
- Dr. S. Rama Iyer is an Independent Non-Executive Director.
- Mr. Ravi Keswani is a Non-Executive Promoter Director.

-Mr. T. S. Das who was appointed as an Additional Director with effect from 14th May, 2007, has resigned from the post of Managing Director of the Company on 5th October, 2012.

-Mr. Ajay Hans has been appointed as the Managing Director of the Company with effect from 5th October, 2012.

-Mr. R. Sankaran who was appointed as an Additional Director with effect from 29th June, 2009 has expired on 28th February, 2013.

-Mr. G. K. Roy who was appointed as an Additional Director w.e.f. 5th October, 2012 has resigned from the Board on 8th March, 2013.



BRIEF PROFILE OF THE DIRECTORS:

Mr. Ajay Hans

Mr. Ajay Hans is a Mechanical Engg. Graduate with Masters in Business Finance (MBF) and Masters in Business Administration (MBA) with specialization in Marketing. He is a versatile professional having more than 20 yrs of work experience in Business Development, Tendering and Estimation, Contracts Management, Project Management and Execution, Finance Management, Procurement and Materials Management of Engg, Procurement and Construction (EPC) Projects on various National and International Projects.

He has worked with KazStroyService Group in Almaty, Kazakhstan as Executive Director / Director - Contracts and Commercial. He had also worked with other reputed MNCs like DLF, Sumitomo Corporation, Enron, Dodsai, HIRCO etc.

He has worked with Petron Civil Engg. Pvt. Ltd., India as Jt. Managing Director and has contributed in expanding the operations including EPC developments in India and Overseas.

He has been an honorable recipient of "Udyog Rattan Award" for outstanding performance in the field of Industrial Development.

Dr. S. Rama Iyer

Dr. S. Rama Iyer is a qualified Chemical Engineer. He has done his M. Tech and Ph.D from the Indian Institute of Technology Bombay. He has been involved with Process Technology, Design Engineering, Project Management and Construction Management of large projects both in India and abroad. He is the recipient of the "Distinguished Alumnus Award" from Indian Institute of Technology Bombay in 1996. He also received "Achiever of the year Award" in 2003, "Business Leader of the year" in 2005 and "Life Time Achievement Award" in 2008 from Chemtech Foundation.

Mr. Ravi Keswani

Mr. Ravi Keswani is a qualified Chartered Accountant as well as a Law Graduate. He is having an overall experience of 26 years working with large corporate in Finance and Treasury, Accounts, Taxation, Commercial, Project Costing and Budgeting Control, Corporate Strategy, Merger and

Acquisition etc. He was involved in successful completion of IPO in Indian Corporate History; Private Equity Transaction with group of prestigious investors; subsequent fund raising through FCCB's and QIP's setting up strategy and business plan development; acquisition of a large design and construction company in Singapore and UK, Mergers and demergers in the group, both domestic and cross border, hiving off some of the non-core businesses, new ventures and initiatives; implementation of ERP system and continuous process and control improvements. He is currently employed with KazStroyService Group of Companies since March, 2010 as Group CFO.

A) Details of Directors and their Directorships, Committee Membership and Chairmanship as on 31.03.2013

NAME OF DIRECTOR	CATEGORY DESIGNATION	No of outside Directorships and Committee Memberships/ Chairmanships			
		Public Companies	Private Companies	Committee Membership	Chairmanship
Mr. Ajay Hans (Appointed w.e.f. 05.10.2012)*	Managing Director	-	1	-	-
Dr. S. Rama Iyer (Appointed w.e.f. 30.01.2009)	Independent Non-Executive Director	5	1	-	1
Mr. Ravi Keswani (Appointed w.e.f. 20.03.2010)	Promoter Non-Executive Director	-	-	-	-

*Mr. Ajay Hans designated as Managing Director w.e.f. 05.10.2012.

B) The attendance of Directors at Board Meetings and Annual General Meeting held during 01.04.2012 to 31.03.2013:

There were total 7 Board Meetings held during the Financial Year 2012-13 on following dates : 16.04.2012, 18.05.2012, 14.08.2012, 05.10.2012, 30.10.2012, 31.01.2013 and 08.03.2013.

DIRECTOR	No. of Board Meeting held during Tenure of Directorship	No. of Board Meeting attended	Attendance at last AGM*
Mr. T. S. Das	4	3	Yes
Dr. S. Rama Iyer	7	3	Yes
Mr. R. Sankaran	6	4	Yes
Mr. Ravi Keswani	7	7	No
Mr. Ajay Hans	3	3	NA
Mr. G. K. Roy	3	3	NA

* The Annual General Meeting (AGM) was held on 2nd August, 2012



C) Shareholding of Directors in the Company as on 31.03.2013.

DIRECTOR	No. of Equity Shares of ₹ 10/- each held in the Company single and/or jointly
Mr. T. S. Das	Nil
Dr. S. Rama Iyer	Nil
Mr. R. Sankaran	Nil
Mr. Ravi Keswani	Nil
Mr. Ajay Hans	Nil
Mr. G. K. Roy	Nil

**D) Information provided to the Board.**

Necessary information as required under the statute and as per the guidelines on Corporate Governance are placed before the Board and reviewed by the Board from time to time.

➔ 3. AUDIT COMMITTEE**A) Terms of Reference :**

- Overseeing the Company's financial reporting process and disclosure of the financial information, to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the quarterly and annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchanges and legal requirements concerning financial statement.
 - Any related party transactions.
- Reviewing with the management, external and internal auditors the adequacy of internal control systems.

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors and any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where suspected fraud or irregularity or a failure of the internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before audit commences, about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

B) Composition of Audit Committee

The Audit Committee comprised of following members:

- | | |
|----------------------------|---|
| 1) Mr. R. Sankaran | Chairman (Non-Executive Independent Director) |
| 2) Dr. S. Rama Iyer | Member (Non-Executive Independent Director) |
| 3) Mr. Ravi Keswani | Member (Non-Executive Promoter Director) |

- Mr. R. Sankaran was appointed as Member w.e.f. 29.06.2009 and as Chairman w.e.f. 20.03.2010. He expired on 28th February, 2013.
- Dr. S. Rama Iyer was appointed as Member w.e.f. 20.03.2010.
- Mr. Ravi Keswani was appointed as Member w.e.f. 27.04.2010

**C) Meetings of the Audit Committee**

The Committee met 4 times during the Year 2012-2013 on 18.05.2012, 14.08.2012, 30.10.2012 and 31.01.2013.

The attendance of the members of the Committee were as follows:

Name of Member	Audit Committee Meeting held during Tenure of Members	No. of Meetings Attended
Mr. R. Sankaran	4	4
Dr. S. Rama Iyer	4	3
Mr. Ravi Keswani	4	4

➔ 4. REMUNERATION COMMITTEE

A) Terms of Reference :

To ensure that remuneration packages are competitive keeping in view the prevalent compensation packages, so as to recruit and retain suitable individual(s) as Executive Director(s).

B) Composition of Remuneration Committee

The Remuneration Committee comprised of following Members:

- | | |
|----------------------------|---|
| 1) Mr. R. Sankaran | Member (Non-Executive Independent Director) |
| 2) Dr. S. Rama Iyer | Member (Non-Executive Independent Director) |

- Mr. R. Sankaran was appointed as Member w.e.f. 20.03.2010. He expired on 28th February, 2013.
- Dr. S. Rama Iyer was appointed as Member w.e.f. 20.03.2010.

C) Meetings of the Remuneration Committee

The Committee met once during the year 2012-13 on 30.10.2012. The attendance of the members of the Committee were as follows:

Name of Member	Remuneration Committee Meeting held during Tenure of Members	No. of Meetings Attended
Mr. R. Sankaran	1	1
Dr. S. Rama Iyer	1	1

D) Remuneration Policy

To compensate the Whole-time Director(s) in terms of the Agreement. Remuneration of the Managing Director was approved with effect from 5th October, 2012.



E) Details of Remuneration paid to all Directors

I] (Managing / Whole-time Directors)

Name of Executive Director	Salary (Amount ₹)	Commission (Amount ₹)	Perquisites and other benefits (Amount ₹)	Retirement benefits (Amount ₹)	Total (Amount ₹)
Mr. T. S. Das	1,848,387	NIL	3,166,903	2,260,268	7,275,558
Mr. Ajay Hans	1,174,194	NIL	763,445	140,903	2,078,542
Mr. G. K. Roy	854,840	NIL	1,298,756	102,580	2,256,176
TOTAL	3877421	NIL	522,9104	250,3751	11,610,276

Presently, the Company does not have a scheme for grant of stock option either to the whole-time Director or Employees.

II] Sitting Fees and Commission to Non-Executive Directors:

Name of Executive Director	Board Meeting (Amount ₹)	Audit Committee (Amount ₹)	Shareholders Grievance Redressal Committee (Amount ₹)	Remuneration Committee (Amount ₹)	Executive Finance and Admin Committee (Amount ₹)	Operations Review Committee (Amount ₹)	Commission (Amount ₹)	Total (Amount ₹)
Mr. R. Sankaran	60000	40000	15000	10000	NIL	NA	700000	825000
Dr. S. Rama Iyer	45000	30000	15000	10000	NA	20000	700000	820000
TOTAL	105000	70000	30000	20000	NIL	20000	1400000	1645000

Commission to Non-Executive Directors for the Financial Year 2011-12, paid on 7th August, 2012 has been stated above.

No Commission to the Non- Executive Directors has been provided for the Financial Year 2012-13.

➔ 5. SHAREHOLDERS' / INVESTORS' GRIEVANCE REDRESSAL COMMITTEE

A) Terms of Reference:

The Company has formed an Investors/Shareholders Grievance Redressal Committee with the following terms of reference:-

To look into the redressing of shareholders' and investors' complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, issue of duplicate share certificates etc.

B) Composition of the Shareholders / Investors Grievance Redressal Committee.

The Shareholders/Investors Grievance Redressal Committee is comprised of following Members :

- | | |
|----------------------------|---|
| 1) Dr. S. Rama Iyer | Member (Non-Executive Independent Director) |
| 2) Mr. R. Sankaran | Member (Non-Executive Independent Director) |

- Mr. R. Sankaran was appointed as Member w.e.f. 29.06.2009, expired on 28th February, 2013.
- Dr. S. Rama Iyer was appointed as Member w.e.f. 27.04.2010.

The Compliance Officer is Mr. Naresh Shah, Sr. Vice President (Legal) and Company Secretary.

C) Meetings of the Shareholders' / Investors' Grievance Redressal Committee

The Committee met 3 times during the Financial Year 2012-13 on 02.05.2012, 30.10.2012 and 31.01.2013.

The attendance of the members of the Committee were as follows:

Name of Member	Shareholders/Investors Grievances Redressal Committee Meeting held during Tenure of Members	No. of Meetings Attended
Mr. R. Sankaran	3	3
Dr. S. Rama Iyer	3	3

**D) Remuneration Policy**

During the year under review 59 Intimations were received from investors and all of them were replied / resolved to the satisfaction of the investors.

No complaints were received from investors during the year.

All requests for dematerialization were duly approved and dealt with by the Company.

No request for transfer and for dematerialization were pending for approval as on March 31, 2013.

➔ 6. EXECUTIVE FINANCE and ADMINISTRATION COMMITTEE**A) Terms of Reference:**

- 1) Setting and reviewing the Company's financial policies, risk assessment. Reviewing capital structure, working capital and cash flow management and make such reports and

recommendations to the Board with respect thereto as it may deem advisable.

- 2) Review banking arrangements and cash management.
- 3) Exercise all powers to borrow moneys Upto ₹ 20 Crores (otherwise than by issue of debentures), and taking necessary actions connected therewith including refinancing for optimization of borrowing costs as may be approved by the Board from time to time.
- 4) Giving of guarantees / Corporate Guarantee / Performance Guarantee / issuing letters of comfort / providing securities within the limits as may be approved by the Board from time to time.
- 5) Carry out any other function as is mandated by the Board from time to time and /or enforced by any statutory notification, amendment or modification as may be applicable.
- 6) Other transactions or financial issues that the Board may desire to have them reviewed by the Finance Committee.
- 7) Delegate authorities from time to time to the Executives / Authorized persons to implement the decisions of the Committee in terms of approval of Board from time to time.
- 8) Regularly review and make recommendations about changes to the charter of the Committee subject to approval by Board from time to time.

B) Composition of the Executive Finance and Administration Committee.

The Executive Finance and Administration Committee was formed on 30th June 2008.

The Executive Finance and Administration Committee is comprised of following Members :

- | | |
|---------------------------|---|
| 1) Mr. T. S. Das | Member (Executive Director) |
| 2) Mr. R. Sankaran | Member (Non-Executive Independent Director) |

- Mr. T. S. Das resigned on 5.10.2012.
- Mr. R. Sankaran was appointed as Member w.e.f. 20.03.2010. He expired on 28th February, 2013.

C) Meetings of the Executive Finance and Administration Committee

The Committee did not hold any meeting during the Financial Year 2012-2013.

**➔ 7. OPERATIONS REVIEW COMMITTEE****A) Terms of Reference:**

- 1) The Committee should consider and review the status of various contracts under execution.

2) The Committee should also review the reports relating to Safety status / fatal accidents at company's various sites.

B) Composition of the Operations Review Committee.

The Operations Review Committee was formed on 31st October, 2010 and comprised of following Members:

- | | |
|----------------------------|---|
| 1) Mr. T. S. Das | Member (Executive Director) |
| 2) Dr. S. Rama Iyer | Member (Non-Executive Independent Director) |
| 3) Mr. Ravi Keswani | Member (Non-Executive Promoter Director) |

Meetings of the Operations Review Committee

The Committee met 2 times during the Financial Year 2012-13 on 02.05.2012 and 02.08.2012. The attendance of the members of the Committee were as follows:

Name of Member	Operations Review Committee Meeting held during Tenure of Members	No. of Meetings Attended
Mr. T. S. Das	2	2
Dr. S. Rama Iyer	2	2
Mr. Ravi Keswani	2	2

Mr. T. S. Das resigned on 5th October, 2012.

8. GENERAL MEETING

Details on Annual General Meeting

Location and time, where Annual General Meeting held in last 3 years:

Location	Date and Year	Time
The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai 400 074.	August 2, 2012	3.00 p.m
The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai 400 074.	July 7, 2011	3.30 p.m
At : "OASIS", Opp. Tata Institute of Social Science, Deonar, Mumbai 400 088.	August 03, 2010	3.30 p.m

During the year 2012-13 Company did not convene any Extra-Ordinary General Meeting of Shareholders of the Company.



9. OTHER INFORMATION

a) Risk Management Framework :

The company has a mechanism to inform Board Members about the Risk Assessment and Minimization procedure to ensure that the risk is controlled by the Executives.

b) Code of Conduct :

The Company has laid down a Code of Conduct for all Board Members and Senior Management personnel of the Company. The Code of Conduct is available on the website of the Company www.petronengineering.com

The declaration of Managing Director is given below:

To the Shareholders of Petron Engineering Construction Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Mumbai , 29th May, 2013

Ajay Hans
Managing Director

10. DISCLOSURES

1. Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

There is no material transaction with related party which requires separate disclosure.

2. There is no non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

11. MEANS OF COMMUNICATION

Half-yearly report sent to each household of shareholders

NO

Quarterly Results

Which newspapers normally published in:	The Economic Times (English) The Maharashtra Times (Marathi) The Economic Times (Gujrati)
Any website, where displayed:	www.petronengineering.com
Whether it also displays official news releases and presentations made to institutional investors / analysts:	Yes, it displays official news and presentation on the day they are made / released.
Whether Management Discussion and Analysis is a part of Annual Report:	Yes
Whether Shareholder Information section forms part of the Annual Report:	Yes

12. GENERAL SHAREHOLDERS INFORMATION:

a. Annual General Meeting

Day and Date	Tuesday, 30th July, 2013
Time	3.30 p.m.
Venue	The Bombay Presidency Golf Club, Dr. Choithram Gidwani Road, Chembur, Mumbai 400 074.

b. Financial Calendar April 1, 2013– March 31, 2014

a. 37th Annual General Meeting	30th July, 2013
b. 1st Quarterly Result	On or before the end of the second week of August, 2013 (Unaudited)
c. 2nd Quarterly Result	On or before the end of the second week of November, 2013 (Unaudited)
d. 3rd Quarterly Result	On or before the end of the second week of February, 2014 (Unaudited)
e. 4th Quarterly Result	On or before the end of the second week of May, 2014 (Unaudited) OR will publish Audited Annual Accounts on or before 31st May, 2014



c. Book Closure date

22nd July, 2013 to 30th July, 2013 (both days inclusive).

d. Listing on Stock Exchanges

Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Ltd.

The listing fees payable to the Stock Exchanges for the Financial Year 2013-14 have already been paid.

e. Custodian Fees to Depositories

The Company has paid custodian fees for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2013.

f. Stock Code

Equity - BSE - 530381
NSE - Petron Engg. Eq.

g. ISIN No.

Equity - 742A01019

h. Market Price Data and Stock Performance

As per Annexure A

i. Registrar and Transfer Agents

M/s 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 - 022-67720300 / 022-67720400
Fax No - 022-28591568 / 28508927
E-Mail - sharepro@shareproservices.com

j. Share Transfer System

Share Transfer requests received in physical form is registered within an average period of 15 days. The Board had delegated powers of approving transfers of shares/debentures to the Managing Director and Company Secretary.

The Board / Shareholders' Grievance Redressal Committee approved the request for issue of duplicate Share Certificates etc. and with the assistance of the Sr. Vice President (Legal) and Company Secretary and Compliance Officer, redresses the complaints of the shareholders expeditiously.

Mr. Naresh Shah is the Compliance Officer. During the year no complaints were received from the shareholders. During the year 59 intimations were received from the shareholders and all were replied and received satisfaction of the shareholders.

As on date, none of the requests involving transfer of shares are under process.

Requests for dematerialization received from the shareholders are effected within an average period of 15 days.



k. Distribution of Shareholding

: As per Annexure.

l. Dematerialization of Shares

: 7438111 Equity Shares which constitutes 98.67 % of the paid-up capital as on March 31, 2013 have been dematerialized.

m. Outstanding GDR/ADR/ Warrants Or any convertible Instruments Conversion Date and impact on Equity

: Not Applicable

n. Divisions and their Location

: **Petron Mechanical Division:**
Plot No. A-328, T.T.C. Industrial Area, Mahape, Thane – Belapur Road, THANE.

Rockwool Insulation Division:
Plot No. A-307, T.T.C. Industrial Area, Mahape, Thane – Belapur Road, THANE.

Petrofab Division:
Plot No. 224, Padra – Jambusar Road, Dabhasa , BARODA 391440, GUJARAT.

o. Address for Correspondence

: **With the Company:**
Registered Office:
Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400 071.
Telephone: 40856200 and 40856400 /
Fax: 67973509 / 40856250
E-Mail: nvshah@petronengineering.com
Website: www.petronengineering.com

Shareholders correspondence should be sent to the above address.

Shareholders holding any shares in electronic mode should address all their correspondence to their respective Depository Participants (Dps).

With the Registrars:
M/s. 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-022-67720300 / 022-67720400
Fax No: 022-28591568/28508927
E-Mail - sharepro@shareproservices.com



NON-MANDATORY REQUIREMENTS

Shareholders' Rights :

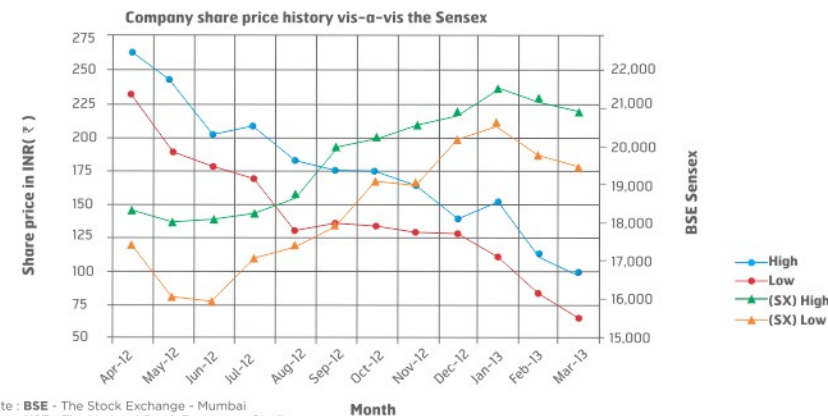
Recommendation : The half yearly declaration of financial performance including summary of the significant events in the last six months should be sent to each household of shareholders .

As the Company's half yearly results are published in English newspapers having wide circulation and in local language newspapers, the same are not sent to each household of shareholders

Stock Exchange Market Price data for the year 2012-2013

SENSEX / NIFTY

MONTH	BSE PECL		BSE SENSEX (SX)		NSE PECL		NSE (INDEX)	
	High	Low	(SX) High	(SX) Low	High	Low	High	Low
Apr-12	260	232	17664	17010	260	224	5379	5154
May-12	243	188	17432	15810	250	188	5280	4789
Jun-12	202	180	17448	15749	201	172	5826	4770
Jul-12	209	171	17631	16598	210	174	5349	5032
Aug-12	185	130	17973	17027	187	129	5449	5165
Sep-12	176	133	18870	17251	178	130	5735	5216
Oct-12	178	130	19137	18393	171	130	5815	4888
Nov-12	165	125	19373	18256	153	125	5885	5548
Dec-12	142	125	19612	19149	156	127	5965	5823
Jan-13	153	110	20204	19509	153	109	6112	5935
Feb-13	113	85	19967	18794	113	84	6053	5672
Mar-13	99	65	19755	18568	95	70	5971	5605



Note : BSE - The Stock Exchange - Mumbai
NSE - The National Stock Exchange of India
SX - BSE SENSEX
INR - Indian Rupees

Distribution of Shareholders as on 31st March, 2013:

Number of Shares		Shareholders		Shareholding	
(1)	(2)	Number	% to total	Number	% to total
Upto	500	6183	93.40	648,271	8.60
501	1,000	247	3.73	192,755	2.56
1,001	2,000	96	1.45	144,425	1.92
2,001	3,000	32	0.48	81,084	1.07
3,001	4,000	15	0.23	50,957	0.68
4,001	5,000	15	0.23	69,627	0.92
5,001	10,000	11	0.16	88,126	1.17
10,001	above	21	0.32	6,263,155	83.08
Total		6,620	100.00	7,538,400	100.00

Categories of Shareholders as on 31st March, 2013:

Category of Shareholders	No. of Shares Held	% of Shareholding
Promoters' Shareholding	5,463,203	72.47
Directors' and their Relatives	NIL	NIL
Mutual Funds	110,105	1.46
Financial Institutions	NIL	NIL
Banks	250	NIL
Bodies Corporate	261,811	3.47
NRIs / OCBs	177,700	2.36
Individuals (Public)	152,5331	20.24
Total	7,538,400	100.00



CERTIFICATE ON CORPORATE GOVERNANCE

**TO THE MEMBERS OF
PETRON ENGINEERING CONSTRUCTION LIMITED,**

We have examined the compliance of conditions of Corporate Governance by Petron Engineering Construction Limited (Company) for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our examination and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Pradeep Purwar and Associates
Company Secretaries

Mumbai, Dated: 29th May, 2013

Pradeep Kumar Purwar
Proprietor
C.P. No.: 5918



CEO & CFO CERTIFICATION

We have reviewed the financial statements, and the cash flow statement of Petron Engineering Construction Limited for the year ended March 31, 2013 and that to the best of our knowledge and belief, we state that:

- (a) (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct as applicable to the Board of Directors and Senior Management.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
- (i) Significant changes in internal control over financial reporting during the year.
- (ii) Significant changes in accounting policies during the year.
- (iii) Instances of significant fraud of which we have become aware of and which involve management or other employees having a significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes or instances.

Ajay Hans
Managing Director

Pulkit Goyal
Head (Finance & Accounts)

Mumbai, Dated 29th May, 2013



Refractory & Insulation Work been done by Rockwool Insulation Division



Electrical Work been by Electrical & Instrumentation Department



Fabrication Work been done by Petrofab Division (Vadodara Works)



AUDITORS' REPORT

➔ To The Members of Petron Engineering Construction Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Petron Engineering Construction Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We report that as at March 31, 2013 Trade receivables of ₹ 1,278 Lacs (net of mobilization advance of ₹ 2,926 Lacs), unbilled revenue, being dues receivable from a customer amounting to ₹ 6,256 Lacs and trade payables of ₹ 1,866 Lacs relating to a contract, are subject to final confirmation from the respective parties as the matter is under negotiation. In the absence of such confirmations and pending final outcome of the negotiations, we are unable to comment upon the amounts ultimately receivable/payable in respect of this contract and the consequential impact, if any, on the reported profit for the year ended March 31, 2013 and corresponding Assets and Liabilities as at that date.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit/loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) Except for the matter described in the Basis for Qualified Opinion paragraph, In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi and Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Mumbai, May 29, 2013

**➔ Annexure referred to in paragraph 3 of our report of even date****Re: Petron Engineering Construction Limited ('the Company')**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - b) The Company had taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 84,488,118 and the year-end balance of loan taken from such party was ₹ 14,247,601.
 - c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
 - d) The loan taken is re-payable along with interest on demand. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - b) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lakh in respect of any one such party in the financial year.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of

its business.

- viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of Machinery and Mechanical appliances and parts thereof & execution of projects having application of Mechanical Engineering, Fabrication, Construction and Refractory products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- ix) a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as

Name of the Statute	Nature of Dues	Year	Amount ₹	Forum where dispute is pending
Bombay Sales tax act, 1959	Work Contract Tax	2003-04	323,573	Joint Commissioner of Sales Tax (Appeals)
Bombay Sales tax act, 1959	Sales Tax	2004-05	169,822	Joint Commissioner of Sales Tax (Appeals)
Central Sales Tax (West Bengal) Rules, 1958	Central Sales Tax	2006-07	807,261	Deputy Commissioner Sales Tax
Kolkata Sales Tax Act	Sales Tax	2007-08	2,589,556	Joint Commissioner of Commercial Tax
Uttar Pradesh Sales Tax Act	Sales Tax	2002-04	6,368,000	Assistant Commissioner of Sales Tax
	Central Sales Tax	2002-04	20,000	Assistant Commissioner of Sales Tax
Central Excise Act	Entry Tax	2003-04	20,500	Assistant Commissioner of Sales Tax
	Excise Duty	2001-02	302,640	CESTAT
	Excise Duty	2004-05	219,158	
Finance Act, 1994	Service Tax	2004-06	7,132,888	Commissioner, Central Excise, Rohtak
Income Tax Act, 1961	Tax deducted at source	2006-11	952,344,432	Commissioner of Income Tax (Appeals)
The Building & Other Construction Workers Welfare Cess Act, 1996	Worker Welfare Cess	2007-08	3,970,102	Bihar Building & Other Construction Workers Welfare Board
Rajasthan Tax on Entry of goods into Local areas Act, 1999	Entry Tax	2008-09	773,244	Deputy Commissioner (Appeals)
Central Excise Act	Service tax (Including Principal & Penalty)	2004-07	44,759,239	CESTAT
Central Excise Act	Service tax	2008-09	184,672	Assistant Commissioner of Central Excise
Maharashtra Value Added Tax Act, 2002	Value added Tax	2005-06	1,938,660	Sales Tax Officer
West Bengal Value Added Tax Rules, 2005	Value added Tax	2009-10	10,437,294	Joint Commissioner of Sales Tax.
Central Sales Tax Act	Central Sales Tax		1,514,805	
West Bengal Value Added Tax Rules, 2005	Value added Tax	2010-11	4,999,919	

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) According to the information and explanations given to us, the Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi and Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Mumbai, May 29, 2013



Mechanical Fabrication & Erection Works for 5000 TDP Cement Plant, Madras Cement Limited, Ariyalur . Tamil Nadu



FINANCIAL STATEMENTS BALANCE SHEET AS AT 31 MARCH 2013

	NOTE	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	75,384,000	75,384,000
Reserves and surplus	4	1,501,713,166	1,502,257,810
		1,577,097,166	1,577,641,810
Non-current liabilities			
Long-term borrowings	5	407,880,838	95,887,302
Deferred tax liability (net)	13	22,097,871	28,212,691
Other long-term liabilities	6	131,219,588	464,457,516
Long-term provisions	7	14,509,284	14,234,747
		575,707,581	602,792,256
Current liabilities			
Short-term borrowings	8	1,346,338,510	1,256,313,388
Trade payables	9.1	1,080,797,754	1,208,124,791
Other current liabilities	9.2	953,397,650	1,026,179,578
Short-term provisions	7	73,370,485	69,868,804
		3,453,904,399	3,560,486,561
TOTAL		5,606,709,146	5,740,920,627
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	936,188,838	1,016,838,307
Intangible assets	11	25,490,843	20,778,221
Capital work-in-progress		12,910,965	25,424,235
Non-current investments	12	1,000	1,000
Long-term loans and advances	14	4,202,783	20,580,380
Trade receivables	15.1	318,954,620	253,829,368
Other non-current assets	15.2	215,641	6,631,469
		1,297,964,690	1,344,082,980
Current assets			
Inventories	16	11,051,101	20,810,151
Trade receivables	15.1	1,152,228,508	1,678,628,691
Cash and bank balances	17	89,417,038	103,589,335
Short-term loans and advances	14	421,596,130	355,630,400
Other current assets	15.2	2,634,451,679	2,238,179,070
		4,308,744,456	4,396,837,647
TOTAL		5,606,709,146	5,740,920,627
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batiboi and Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Mumbai, May 29, 2013

For and on behalf of the Board
Petron Engineering Construction Limited

Ajay Hans
Managing Director

Pulkit Goyal
Head-Finance & Accounts

Ravi Keswani
Director

Naresh Shah
Sr. VP (Legal) & Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 March 2013

	Note	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
INCOME			
Revenue from operations (gross)	18	5,706,734,977	7,179,151,172
Less: taxes (service tax, sales tax and excise duty)		464,074,667	463,511,839
Revenue from operations (net)		5,242,660,310	6,715,639,333
Other income	19.1	127,354,590	7,767,625
Total Revenue (I)		5,370,014,900	6,723,406,958
EXPENSES			
Cost of raw materials and components consumed	20	2,069,673,511	2,706,310,086
(Increase)/decrease in project inventories	21	11,993,102	(12,848,889)
Employee benefits expense	22	1,103,142,255	1,097,929,087
Other expenses	23	1,774,228,174	2,173,519,958
Total Expenses (II)		4,959,037,042	5,964,910,242
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		410,977,858	758,496,716
Depreciation and amortization expense	24	164,357,711	161,145,809
(Less): recoupment from revaluation reserve		1,424,239	1,424,239
Net depreciation and amortization expense		162,933,472	159,721,570
Interest income	19.2	6,596,679	5,655,162
Finance costs	25	223,619,594	127,259,555
Profit/(loss) before tax		31,021,471	477,170,753
TAX EXPENSES			
Current tax		17,058,920	158,066,053
Deferred tax		(6,114,820)	(909,815)
Income-tax for earlier year		19,197,776	-
Total tax expense		30,141,876	157,156,238
Profit/(loss) for the year		879,595	320,014,515
Earnings per equity share (Basic and Diluted) [nominal value of share ₹ 10 (31 March 2012: ₹ 10)]	26	0.12	42.45
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi and Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Mumbai, May 29, 2013

For and on behalf of the Board
Petron Engineering Construction Limited

Ajay Hans
Managing Director

Pulkit Goyal
Head-Finance & Accounts

Ravi Keswani
Director

Naresh Shah
Sr. VP (Legal) & Company Secretary

STATEMENT OF CASH FLOWS

	for the year ended As at 31.03.2013 (Amount ₹)	for the year ended As at 31.03.2012 (Amount ₹)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	31,021,471	477,170,753
Adjustments for		
a) Depreciation	162,933,472	159,721,570
b) Interest	223,619,594	127,259,555
c) Interest income	(6,596,679)	(4,657,447)
d) Provision for retirement benefits	-	391,934
e) Provision for doubtful debts	(93,945,922)	25,368,568
f) Provision for contingencies	34,393,342	65,061,855
g) Foreign exchange fluctuation Gain (Unrealised)	(806,488)	(1,381,983)
h) Foreign exchange fluctuation Loss (Unrealised)	844,132	2,436,643
i) Profit on sale of fixed assets	(129,968)	(129,271)
j) Loss on sale of fixed assets	1,323,695	14,279,605
Operating profit before working capital changes	352,656,649	865,521,782
a) Inventories	9,759,050	(11,779,547)
b) Trade receivables	520,944,987	310,992,455
c) Loans and advances	(373,125,833)	(1,495,056,611)
d) Trade and other payables	(530,348,233)	(59,449,514)
Cash generated from operations	(20,113,380)	(389,771,435)
Taxes paid	(112,205,443)	(140,939,485)
Net cash provided by/(used in) operating activities (A)	(132,318,823)	(530,710,920)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a) Sale of fixed assets	178,911	256,269
b) Inflow on maturity of fixed deposits having maturity more than 3 months	-	23,935,910
c) Interest received	3,506,460	2,129,301
d) Acquisition of fixed assets	(73,056,781)	(286,329,864)
e) Outflow on investment of fixed deposits having maturity more than 3 months	(9,143,308)	-
Net cash provided by/(used in) investing activities (B)	(78,514,718)	(260,008,384)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
a) Proceeds from term loan	492,606,301	141,555,138
b) Increase in other short term borrowings	157,952,579	149,723,855
c) Increase in working capital borrowings	12,442,406	812,468,610
d) Decrease in working capital borrowings	(80,369,863)	-
e) Dividend/Dividend tax paid	-	(17,522,634)
f) Repayment of term loans	(188,490,705)	(119,080,178)
g) Interest paid	(206,622,782)	(127,259,555)
Net cash provided by/(used in) financing activities (C)	187,517,936	839,885,236
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(23,315,605)	49,165,932
Effect of exchange differences on cash and cash equivalents held in foreign currency	(49,400)	56,784
Cash and cash equivalents at the beginning of the year	64,792,625	15,683,477
Cash and cash equivalents at the closing at the year	41,526,420	64,792,625
Net increase/(decrease) in cash and cash equivalents	(23,315,605)	49,165,932

Components of cash and cash equivalents	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Cash on hand	6,512,749	3,451,620
Cheques/ drafts on hand	-	-
With banks- on current account	34,471,357	60,832,384
- on deposit account	-	-
- unpaid dividend accounts	542,314	508,621
Total cash and cash equivalents (note 17)	41,526,420	64,792,625

As per our report of even date

For S.R. Batliboi and Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Mumbai, May 29, 2013

For and on behalf of the Board
Petron Engineering Construction Limited

Ajay Hans
Managing Director

Pulkit Goyal
Head-Finance & Accounts

Ravi Keswani
Director

Naresh Shah
Sr. VP (Legal) & Company Secretary

Notes to Financial Statements for the Year Ended 31 March 2013



➔ 1. Corporate information

Petron Engineering Construction Limited (the Company) is a public Company domiciled in India and incorporated on 19th July, 1976 under the provisions of the Companies Act, 1956. The Company is primarily engaged in the business of engineering, procurement and construction of plants for oil and gas refineries, power, cement, petrochemical, fertiliser and other industries. Its shares are listed on two stock exchanges in India. The Company has mechanical fabrication and manufacturing facilities in Maharashtra and Gujarat regions. The Company also provides electrical and instrumentation services and insulation and refractory application/maintenance services to above industries.

➔ 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for certain building, land and plant and machinery acquired before 31st March, 1994 which are carried at revalued amounts. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Difference between the actual results and estimates are recognised in the period in which determined.

2.1 Summary of significant accounting policies

A. Revenue recognition

- Sales and contract revenue include duty, taxes and adjustments towards price variation as per contracts, wherever applicable.
- Revenue is recognised based on the nature of activity to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured with reasonable certainty of its recovery.

- Revenue from sale of goods is recognised when substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract, usually on the delivery of the goods.
- Revenue from engineering and construction contracts and project- related activities is recognised in accordance with Accounting Standard (the 'AS') - 7 (Revised), Construction Contracts, issued by the Institute of Chartered Accountants of India (the 'ICAI') by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date for work performed to estimated contract cost. Unbilled revenue is carried as project work-in-progress. As the long-term contract necessarily extends beyond one year, revision of cost and revenue estimated during the course of the contract are reflected in the accounting period in which the facts requiring such revision become known.
- The revenue on account of extra claims and the expenditure on account of liquidated damages/cost escalations on construction contracts are accounted for at the time of acceptance/settlement by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.
- Revenue from service related activities including hire charges and management support services are recognised, pro rata over the period of contract as and when services are rendered, in accordance with the terms of agreements with the customers.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.
- Other items of income are accounted as and when the right to receive arises.

B. Retirement and other employee benefits

a) Short-term benefits

These are recognised as an expense at the undiscounted amount in the profit and loss account of the period in which the related services are rendered.

b) Defined contribution plans

The Company has defined contribution plans for post employments benefits in the form of superannuation fund for management employees, provident fund for all employees and employees' state insurance (the 'ESI') scheme, as applicable, which are managed by the Life Insurance Corporation of India, Regional Provident Fund Office and the ESI Corporation respectively. These contributions are recognised as expenses of the period when employees have rendered services entitling them to contributions. The Company has no obligation, other than the contribution payable to the provident fund.

c) Defined benefit plans

The Company has defined benefit plans for post-employment benefits in the form of gratuity for all employees which are managed by a separate trust. The provisions for such benefits are accounted as an expense of the period to which it relates based on the basis of actuarial valuation carried out by the independent actuary using the projected unit credit method.



d) Other long-term benefits

Liability for leave encashment is recognised as an expense of the period to which it relates based on the actuarial valuation carried out by the independent actuary using the projected unit credit method.

Actuarial gains/losses in respect of post-employment and other long-term benefits are charged to the profit and loss account.

**C. Fixed assets****a) Tangibles**

Fixed assets are stated at cost of acquisition (except for the items of revalued assets which are stated at the values determined by the approved valuers) less accumulated depreciation, amortisation and impairment losses, if any. The cost of acquisition includes attributable interest and all expenses of bringing the respective fixed assets to working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Own manufactured fixed assets are capitalised at cost including an appropriate share of overheads.

On 31 March 1994, the Company revalued freehold land, office building at Swastik Chambers and certain heavy plant and machinery existing as on that date. These are measured at fair value on revaluation date less accumulated depreciation and impairment losses, if any, recognized after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit and loss, in which case the increase is recognized in the statement of profit and loss. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

b) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally

generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**D. Depreciation and Amortisation****a) Owned assets**

Depreciation on owned fixed assets is provided based on Straight Line Method (the 'SLM') using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher (except lease hold land which is amortised over the period of lease and temporary buildings at sites which are depreciated over the expected life of the project).

Leasehold land is amortized on a straight line basis over the period of lease, i.e., 91-99 years.

b) Revalued assets

Depreciation is provided as per the SLM on the values and at the rates given by the approved value. The difference between depreciation provided based on revalued amount and that on historical cost is transferred from revaluation reserve to profit and loss account.

c) Assets carried at historical cost

For additions to fixed assets prior to 1st June, 1986 – by applying the rates of depreciation prescribed under the Income-tax Act, 1961 and rules made thereunder in force as on the respective dates of additions.

For additions to fixed assets on or after 1st June, 1986 – by applying the rates of depreciation in force on the respective dates of additions as prescribed in Schedule XIV to the Act as per the SLM (except on temporary buildings at sites which are depreciated over the expected life of the project).

Depreciation on assets costing ₹ 5,000 or less at the rate of 100%.

Proportionate depreciation is provided on other fixed assets in the period of addition/disposal.

d) Leased assets

Assets acquired under finance leases are depreciated on straight-line basis over shorter of lease term, useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Act or at the higher rates adopted by the Company for similar assets.

e) Intangible assets comprises of computer software which are amortized over an estimated life of 3 to 6 years.



E. Impairment of assets

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
- After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.
- Impairment loss recognised in an earlier period will be reversed in a later period depending on changes in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior periods.

F. Leases

- Lease arrangements where the risks and benefits incidental to ownership and control of the leased item substantially vest with the lessor, are classified as operating leases. Operating

lease payments are recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

- Where the company is the lessor, assets leased out under operating lease are capitalised. Rental income is recognised on accrual basis over the lease term.



G. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

H. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying fixed asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

I. Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out basis.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.



M. Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

N. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares equity outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

O. Provisions, contingent liabilities

- a) Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and

are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates.

- (b) Contingent liabilities are disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

P. Sales tax , service tax and excise duty on works contract

Where the Company has contractual right to claim amounts, invoiced as taxes, from the clients, the same are not charged as expenditure and in other case where liability would be on the Company, it is accounted for on accrual basis.

Q. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense.



Notes to Financial Statements for the Year Ended 31 March 2013



3. Share capital

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Authorized shares (nos.)		
10,000,000 (31 March 2012: 10,000,000) equity shares of ₹ 10/- each	100,000,000	100,000,000
Issued, subscribed and fully paid-up shares (nos.)		
7,538,400 (31 March 2012: 7,538,400) equity shares of ₹ 10/- each	75,384,000	75,384,000
Total issued, subscribed and fully paid-up share capital	75,384,000	75,384,000

a) Statement of equity shares outstanding at the beginning and at the end of the reporting period:

	31.03.2013		31.03.2012	
	Nos.	Amount (₹)	Nos.	Amount (₹)
At the beginning of the period	7,538,400	75,384,000	7,538,400	75,384,000
Outstanding at the end of the period	7,538,400	75,384,000	7,538,400	75,384,000

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil (31 March 2012: ₹ 2 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

Out of equity shares issued by the Company, shares held by its holding Company, ultimate holding Company and their subsidiaries/associates are as below:

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Petron Investments Private Limited (Holding Company)		
3,936,327 (31 March 2012: 3,936,327) equity shares of ₹ 10 each fully paid	39,363,270	39,363,270
KazStroyService Global B.V (Ultimate holding Company)		
1,507,680 (31 March 2012: 1,507,680) equity shares of ₹ 10 each fully paid	15,076,800	15,076,800
Sub subsidiaries of ultimate holding Company:		
KazStroyService Hungary KFT		
10,130 (31 March 2012: 10,130) equity shares of ₹ 10 each fully paid	101,300	101,300
Amritha Sharanya Leasing and Investments Private Limited		
4,533 (31 March 2012: 4,533) equity shares of ₹ 10 each fully paid	45,330	45,330
SRA Finance and Investments Private Limited		
4,533 (31 March 2012: 4,533) equity shares of ₹ 10 each fully paid	45,330	45,330

Note 3 (c) (i)

Petron Investment Private Limited (PIPL), Amritha Sharanya Leasing and Investment Private Limited (ASLIPL), SRA Finance and Investments Private Limited (SRA) have been amalgamated/merged in KazStroyService Infrastructure India Pvt. Ltd., as per Bombay High Court's order dated 15th February, 2013 received by the Company on 26th March, 2013. The procedure for transfer of shares in demat form to KazStroyService Infrastructure India Pvt. Ltd., is being completed post 31st March, 2013; hence KazStroyService Infrastructure India Pvt. Ltd shall be the holding company of Petron Engineering Construction Limited.

d) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of ₹ 10 each fully paid				
Petron Investments Private Limited	3,936,327	52.22	3,936,327	52.22
KazStroyService Global B.V	1,507,680	20.00	1,507,680	20.00
Reliance Capital Trustee Co Limited	101,277	1.34	101,277	1.34

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

4. Reserves and surplus

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Capital reserve	159,000	159,000
	159,000	159,000
Securities premium account		
Balance as per the last financial statements	95,109,150	95,109,150
Closing Balance	95,109,150	95,109,150
Revaluation reserve		
Balance as per the last financial statements	58,523,138	59,947,377
Less: amount transferred to the statement of profit & loss as reduction from depreciation	1,424,239	1,424,239
Closing Balance	57,098,899	58,523,138
General reserve		
Balance as per the last financial statements	340,524,000	305,524,000
Add: amount transferred from surplus balance in the statement of profit & loss	-	35,000,000
Closing Balance	340,524,000	340,524,000
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	1,007,942,522	740,450,641
Profit for the year	879,595	320,014,515
Less: Appropriations		
Proposed dividend on equity shares - amount per share ₹ Nil (31 March 2012: ₹ 2)	-	15,076,800
Tax on proposed equity dividend	-	2,445,834
Transfer to general reserve	-	35,000,000
Total appropriations	-	52,522,634
Net surplus in the statement of profit and loss	1,008,822,117	1,007,942,522
Total reserves and surplus	1,501,713,166	1,502,257,810

5. Long-term borrowings

	31 March 2013		31 March 2012	
	Current (Amount ₹)	Non-current (Amount ₹)	Current (Amount ₹)	Non-current (Amount ₹)
Term loans				
INR term loans from banks/ financial institutions	138,754,927	407,880,838	146,632,867	95,887,302
	138,754,927	407,880,838	146,632,867	95,887,302
The above amount includes				
Secured borrowings	138,754,927	407,880,838	146,632,867	95,887,302
Unsecured borrowings	-	-	-	-
Amount disclosed under the head other current liabilities (refer to note # 9.2)	(138,754,927)	-	(146,632,867)	-
	-	407,880,838	-	95,887,302

- a) Term loan from bank amounting to ₹ Nil (Previous year: ₹ 17,995,983) carried interest @ 12.35% p.a. The loan was repayable in 36 monthly installments of ₹ 22.22 lakhs each along with interest, from the date of loan, viz., 01 December 2009. The loan has been completely repaid on 01 December 2012. The loan was secured by hypothecation of Plant and Machinery of the company acquired out of the said loan.
- b) Term loan from bank amounting to ₹ 74,129,075 (Previous year: ₹ 185,438,649) carries interest @ 12.35% p.a. The loan is repayable in 42 monthly installments along with interest (as per schedule laid down by bank), from the date of loan, viz., 01 January 2011. The loan is secured by hypothecation of plant and machinery of the Company acquired out of the said loan.
- c) Term loans from financial institution amounting to ₹ 35,413,042 (Previous year: ₹ 39,085,537) was taken during the financial year 2010–11 and carries interest @ 10% to 13.75% p.a. The loan is repayable in 60 monthly installments including interest (as per the repayment schedules). The loans are secured by primary security of the assets being funded, viz, Plant and Machinery and Cranes.
- d) Term loans from financial institution amounting to ₹ 176,589,626 (Previous year : ₹ Nil) has been taken during the financial year 2012–13 and carries interest @ 13% p.a. (floating). The loan is repayable in 48 monthly installments including interest (as per the repayment schedules). The loan is secured by Equitable Mortgage of factory freehold land and super structure thereon, located at Pen, Maharashtra and Corporate Guarantee of Petron Investments Pvt. Ltd.
- e) Term loans from bank amounting to ₹ 261,180,685 (Previous year : ₹ Nil) has been taken during the financial year 2012–13 and carries interest at Bank rate + 2%, which is currently 12.75% p.a. The loan is repayable in 16 quarterly installments after a moratorium period of 12 months (as per the repayment schedule). The loan is secured by collateral security on Land and Building at Mahape and certain plant and machinery. Also first paripassu charge on the fixed assets of the company excluding certain assets specifically charged to certain lenders, along with other working capital lenders and term lenders.

6. Other long-term liabilities

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Others		
Retention money	82,746,167	64,100,108
Advance from customers	48,473,421	400,357,408
	131,219,588	464,457,516

7. Provisions

	31 March 2013		31 March 2012	
	Current (Amount ₹)	Non-current (Amount ₹)	Current (Amount ₹)	Non-current (Amount ₹)
Provision for employee benefits				
Superannuation benefits	7,555,865	-	5,675,574	-
Provision for leave benefits	10,522,755	14,509,284	2,359,536	14,234,747
	18,078,620	14,509,284	8,035,110	14,234,747
Other provisions				
Proposed equity dividend	-	-	15,076,800	-
Provision for tax on proposed equity dividend	-	-	2,445,834	-
Provision for foreseeable losses	23,700,690	-	-	-
Income-tax provision (net off advance tax)	31,591,175	-	44,311,060	-
	55,291,865	-	61,833,694	-
	73,370,485	14,509,284	69,868,804	14,234,747

8. Short-term borrowings

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Cash credit from banks/Working capital demand loan (secured)	888,152,830	875,710,424
Inter-corporate deposits (unsecured)	152,716,074	69,000,000
Short term INR loan from bank (secured)	-	80,369,863
Buyer's Credit (secured)	305,469,606	231,233,101
	1,346,338,510	1,256,313,388
The above amount includes		
Secured borrowings	1,193,622,436	1,187,313,388
Unsecured borrowings (including from Related Parties)	152,716,074	69,000,000
	1,346,338,510	1,256,313,388

a) Cash credit/Working capital demand loan and Buyer's Credit facilities from banks are secured by way of:

- I. Pari passu charge on whole of the current assets including stock of raw materials, stock-in-process, semi-finished and finished goods, consumables, stores, spares, book debts and all other movables both present and future.
- II. Collateral securities as follows:
 1. Pari passu charge on the following assets of the Company:
 - a) Office Blocks at Swastik Chambers, Chembur, Mumbai.
 - b) Factory land and building at Dabhasa, Gujarat.
 2. Pari passu charge on entire heavy plant and machinery, fixtures and certain crawler cranes.
 3. Corporate guarantee by the holding company – Petron Investments Private Limited.
- III. The Company has also offered the following security for project specific credit facilities from banks by way of:
 - a) Exclusive charge on all current assets specific to the project contracts (including but not limited to raw material, finished goods, work in progress, receivables and the contract receipts from the obligors).
 - b) Exclusive charge on all monies deposited/credited or caused to be deposited/credited into the project accounts.
- IV. The cash credit / working capital demand loan is repayable on demand and carries interest in the range of 11% to 16%.



b) Short term INR loan from bank

- a) Term loan from bank amounting to ₹ Nil (Previous year : ₹ 80,369,863) carried interest @13.5% p.a. The loan was repayable in 5 monthly installments of ₹ 160 lakhs excluding interest, from the date of loan, viz., March, 2012. The loan has been completely repaid in the current year. The loan was secured against the securities listed above.

c) Inter corporate deposits

- a) Inter corporate deposits carries interest in the range of 11% to 17% and are repayable on the expiry of the term for which it was taken. Inter corporate deposits include ₹ 134,988,118 (P.Y. ₹ 29,353,959/-) taken from related parties.



9.1 Trade payables

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Trade payables (refer to note # 34 for details of dues to micro, small and medium enterprises and related parties)	1,080,797,754	1,208,124,791
	1,080,797,754	1,208,124,791

9.2 Other current liabilities

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Unearned revenue	14,110,111	370,782,642
Current maturities of long term borrowings (refer to note # 5)	138,754,927	146,632,867
Interest accrued but not due on borrowings	15,816,127	632,267
Investor education and protection fund will be credited by following amounts (as and when due)		
Unclaimed dividend	542,325	508,632
Advance from customers	601,593,741	362,408,397
Retention money	25,238,096	22,925,879
Service tax payable	7,086,218	16,971,465
TDS payable	13,969,801	13,677,793
Capital liabilities	4,400,038	176,590
Other liabilities		
Sales tax payable	4,442,267	4,512,156
Employee related statutory liabilities	8,641,110	4,647,857
Salaries, wages and Bonus payable	114,768,729	76,960,694
Security deposits from vendors	2,244,630	3,063,338
Other Liabilities	1,789,530	2,279,001
	953,397,650	1,026,179,578

Trade payables include creditors and acceptances which are expected to be settled within the Company's normal operating cycle.



10. Tangible assets

Particulars	Amount ₹						
	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost or valuation							
At 1 April 2011	33,356,081	1,484,545	266,038,194	1,309,976,741	66,492,416	39,135,592	1,716,483,569
Additions	-	-	91,979,896	205,771,640	5,266,138	3,058,007	306,075,681
Disposals	-	-	41,622,368	21,971,300	1,932,855	2,305,663	67,832,186
At 31 March 2012	33,356,081	1,484,545	316,395,722	1,493,777,081	69,825,699	39,887,936	1,954,727,064
Additions	-	-	44,141,713	33,171,275	2,515,318	-	79,828,306
Disposals	-	-	7,552,374	6,659,366	366,982	2,451	14,581,173
At 31 March 2013	33,356,081	1,484,545	352,985,061	1,520,288,990	71,974,035	39,885,485	2,019,974,197
Depreciation							
At 1 April 2011	-	2,59,035	85,485,919	702,268,346	21,830,856	23,807,594	833,651,750
Charge for the year	-	16,160	56,130,295	91,781,441	7,622,174	2,112,731	157,662,801
Disposals	-	-	33,187,665	16,881,079	1,165,984	2,191,066	53,425,794
At 31 March 2012	-	275,195	108,428,549	777,168,708	28,287,046	23,729,259	937,888,757
Charge for the year	-	16,160	51,034,111	98,120,397	7,560,910	2,373,558	159,105,136
Disposals	-	-	7,552,374	5,404,862	248,848	2,451	13,208,534
At 31 March 2013	-	291,355	151,910,286	869,884,243	35,599,108	26,100,366	1,083,785,359
Net Block							
At 31 March 2012	33,356,081	1,209,350	207,967,173	716,608,373	41,538,653	16,158,677	1,016,838,307
At 31 March 2013	33,356,081	1,193,190	201,074,775	650,404,747	36,374,927	13,785,119	936,188,838

Notes

1. Buildings include:

- Temporary establishments at sites of gross block of ₹ 165,308,501 and net block of ₹ 69,217,741 (₹ 128,719,159 and ₹ 71,442,746 respectively), these are written off over the expected duration of projects.
- ₹ 753, being the value of unquoted fully paid shares held in Swastik Chambers Owners' Co-operative Society Limited in connection with the ownership rights of the office.
- Building includes those constructed on leasehold land:

Gross block ₹ 10,266,853 (31 March 2012: ₹ 10,266,853)
 Depreciation charge for the year ₹ 342,913 (31 March 2012: ₹ 2,489,792)
 Accumulated depreciation ₹ 5,797,414 (31 March 2012: ₹ 5,454,500)
 Net book value ₹ 4,469,440 (31 March 2012: ₹ 4,812,353)



- The company has revalued its office buildings on 31 March 1994, at the fair values determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence. This means that valuations performed by the valuer were based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

The historical cost of office building fair valued by the company was ₹ 6,053,003 and its fair value was ₹ 93,429,659. Hence, the revaluation resulted in an increase in the value of office building by ₹ 87,376,656. The revaluation of the building results an additional depreciation charge of ₹ 1,424,239 every year. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the company recoups such additional depreciation out of revaluation reserve.

11. Intangible assets

	Amount (₹)
Computer Software	
Gross Block	
At 1 April 2011	17,146,603
Purchase	10,871,904
At 31 March 2012	28,018,507
Purchase	9,965,197
At 31 March 2013	37,983,704
Amortization	
At 1 April 2011	3,757,278
Charge for the year	3,483,008
At 31 March 2012	7,240,286
Charge for the year	5,252,575
At 31 March 2013	12,492,861
Net Block	
At 31 March 2012	20,778,221
At 31 March 2013	25,490,843

12. Non-current investments

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Government and trust securities (unquoted, valued at cost)		
Seven-year National Savings Certificate*	1,000	1,000
	1,000	1,000

* Pledged with central excise authorities.

13. Deferred tax liability (net)

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	63,521,577	61,024,223
Gross deferred tax liability	63,521,577	61,024,223
Deferred tax asset		
Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes on payment basis		
Employee benefits	25,305,663	17,603,758
Doubtful assets	8,062,178	15,207,774
Forseeable losses	8,055,865	-
Gross deferred tax asset	41,423,706	32,811,532
Net deferred tax liability	22,097,871	28,212,691

14. Loans and advances

	31 March 2013		31 March 2012	
	Current (Amount ₹)	Non-current (Amount ₹)	Current (Amount ₹)	Non-current (Amount ₹)
Capital advances				
Unsecured, considered good	-	-	-	13,233,904
	-	-	-	13,233,904
Security deposit				
Unsecured, considered good	16,999,056	-	16,738,496	-
	16,999,056	-	16,738,496	-
Advances recoverable in cash or kind				
Unsecured considered good	51,667,853	-	97,675,252	-
	51,667,853	-	97,675,252	-
Other loans and advances (Unsecured, considered good)				
Prepaid expenses	21,892,254	4,202,783	28,790,995	7,346,476
Loans to employees	173,000	-	60,000	-
Advance tax (net)	81,027,257	-	17,798,396	-
Balances with statutory/government authorities	249,836,710	-	194,567,261	-
	352,929,221	4,202,783	241,216,652	7,346,476
	421,596,130	4,202,783	355,630,400	20,580,380

15. Trade receivables and other assets

15.1. Trade receivables

	31 March 2013		31 March 2012	
	Current (Amount ₹)	Non-current (Amount ₹)	Current (Amount ₹)	Non-current (Amount ₹)
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	520,190,390	-	421,928,996	-
Retention money	34,666,463	-	57,904,260	-
Doubtful	23,719,266	-	46,872,475	-
	578,576,119	-	526,705,731	-
Provision for doubtful receivables	23,719,266	-	46,872,475	-
	554,856,853	-	479,833,256	-
Other receivables				
Unsecured, considered good	570,054,722	-	1,110,595,262	-
Retention money	27,316,933	318,954,620	88,200,173	253,829,368
	597,371,655	318,954,620	1,198,795,435	253,829,368
	1,152,228,508	318,954,620	1,678,628,691	253,829,368

15.2. Other assets

(Unsecured, considered good unless stated otherwise)

	31 March 2013		31 March 2012	
	Current (Amount ₹)	Non-current (Amount ₹)	Current (Amount ₹)	Non-current (Amount ₹)
Non-current bank balances (refer to note # 17)	-	203,286	-	6,305,553
	-	203,286	-	6,305,553
Others				
Interest accrued on fixed deposits	3,077,864	12,355	2,202,230	325,916
Gratuity balance (refer to note # 27)	502,620	-	665,356	-
Unbilled revenue	2,630,825,150	-	2,235,311,484	-
Others	46,045	-	-	-
	2,634,451,679	12,355	2,238,179,070	325,916
	2,634,451,679	215,641	2,238,179,070	6,631,469

16. Inventories (valued at lower of cost and net realizable value)

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Raw materials (refer to note # 20)	8,520,931	6,286,879
Project inventory (refer to note # 21)	2,530,170	14,523,272
	11,051,101	20,810,151

17. Cash and bank balances

	31 March 2013		31 March 2012	
	Current (Amount ₹)	Non-current (Amount ₹)	Current (Amount ₹)	Non-current (Amount ₹)
Cash and cash equivalents				
Balances with banks				
On current accounts	34,478,741	-	60,889,168	-
On unpaid dividend account	542,314	-	508,621	-
Cheques/drafts-on-hand	-	-	-	-
Cash-on-hand	6,512,749	-	3,451,620	-
	41,533,804	-	64,849,409	-
Other bank balances				
Margin money deposit*	47,883,234	203,286	38,739,926	6,305,553
	47,883,234	203,286	38,739,926	6,305,553
Amount disclosed under non-current assets (refer to note # 15.2)	-	203,286	-	6,305,553
	89,417,038	-	103,589,335	-

*Subject to first charge to secure the Company's non-fund based working

➔ 18. Revenue from operations

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Sales and contracts revenue		
Revenue from construction contracts/projects		
Works bills	4,972,626,280	5,298,116,377
Add: Closing work-in-progress, projects	2,616,715,039	1,887,108,874
Less: Opening work-in-progress, projects	1,887,108,874	22,580,032
	5,702,232,445	7,162,645,219
Income from hire charges	-	7,045,007
Income from management/manpower support services	4,502,532	9,460,946
Revenue from operations (gross)	5,706,734,977	7,179,151,172
Less: taxes (service tax, sales tax and excise duty) #	464,074,667	463,511,839
Revenue from operations (net)	5,242,660,310	6,715,639,333

Service tax, sales tax and excise duty on sales amounting to ₹ 464,074,667 (31 March 2012: ₹ 463,511,839) have been reduced from sales in profit and loss account.

➔ 19.1 Other income

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Miscellaneous income	5,601,722	6,728,945
Other non-operating income		
Scrap sales	4,523,769	1,038,680
Profit on sale of fixed assets	129,968	-
Bad debts recovered	69,761,795	-
Provision written back	24,184,127	-
Provision for bad debts for earlier years	23,153,209	-
	127,354,590	7,767,625

➔ 19.2 Interest income

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Interest income on		
Bank deposits	3,926,762	4,422,911
Others	117,879	234,536
Interest on income-tax refund	2,552,038	997,715
	6,596,679	5,655,162

➔ 20. Cost of raw materials and components consumed

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Inventory at the beginning of the year	6,286,879	7,356,221
Add: Purchases *	2,071,907,563	2,705,240,744
	2,078,194,442	2,712,596,965
Less: Scrap sales	-	-
	2,078,194,442	2,712,596,965
Less: inventory at the end of the year	8,520,931	6,286,879
Cost of raw material and components consumed	2,069,673,511	2,706,310,086

* Purchases is accounted for closing stock plus material consumed less opening stock as physically verified by the management.

Details of raw material and components consumed

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Steel and structural steel	1,474,266,671	325,527,811
Electrodes	97,550,573	104,088,528
Others	497,856,267	2,276,693,747
	2,069,673,511	2,706,310,086

➔ 21. (Increase) /decrease in project inventories

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Inventories at the end of the year		
Project inventories	2,530,170	14,523,272
	2,530,170	14,523,272
Inventories at the beginning of the year		
Project inventories	14,523,272	1,674,383
	14,523,272	1,674,383
(Increase)/Decrease during the year	11,993,102	(12,848,889)

Details of project inventory at the end of the year

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Diesel generators	-	9,500,000
Fittings and accessories	-	3,808,627
Spare Parts	-	-
Cable Gland	960,542	-
Cable Tray	1,066,593	-
Others	503,035	1,214,645
	2,530,170	14,523,272

➔ 22. Employee benefits expenses

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Salaries, wages and bonus	952,338,217	933,018,340
Contribution to provident and other funds	57,580,629	54,024,038
Gratuity expense (refer to note # 27)	1,162,736	1,977,148
Staff welfare expenses	92,060,673	108,909,561
	1,103,142,255	1,097,929,087

➔ 23. Other expenses

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Sub-contracting expenses	936,860,222	1,226,555,653
Hire charges	195,270,757	294,828,218
Bank charges	56,261,902	42,243,505
Site related expenses	128,714,613	28,264,617
Power and fuel	12,300,410	20,316,740
Freight and forwarding charges	58,081,968	68,503,517
Rent	5,854,223	6,244,460
Rates and taxes	49,705,828	35,226,791
Insurance	21,736,672	16,341,364
Repairs and maintenance		
Plant and machinery	8,912,497	27,282,764
Buildings	498,849	2,552,293
Others	5,125,713	7,104,822
Commission	-	1,400,000
Travelling and conveyance	73,060,249	86,291,036
Communication costs	9,660,424	11,226,573
Printing and stationery	6,953,591	9,753,601
Legal and professional fees	128,300,099	166,274,576
Directors' sitting fees	261,687	475,000
Payment to auditors(Refer details below)	3,390,582	3,419,682
Exchange differences (net)	498,852	1,604,278
Bad debts/advances written off	34,393,342	65,061,855
Provision for doubtful debts and advances	-	25,368,568
Loss on sale of fixed assets	1,323,695	14,150,334
Foreseeable loss	23,700,690	-
Miscellaneous expenses	13,361,309	13,029,711
	1,774,228,174	2,173,519,958



Payment to auditors

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
As auditors :		
Audit fee	2,134,840	2,134,840
Limited review	674,160	661,800
In other capacity:		
Other services (certification fees)	230,338	551,500
Reimbursement of expenses	351,244	71,542
	3,390,582	3,419,682

➔ 24. Depreciation and amortization expenses

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Depreciation of tangible assets	159,105,136	157,662,801
Amortization of intangible assets	5,252,575	3,483,008
	164,357,711	161,145,809
Less: recoupment from revaluation reserve	1,424,239	1,424,239
	162,933,472	159,721,570

➔ 25. Finance costs

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Interest		
on term loans	40,496,485	53,786,165
on working capital facilities	123,481,009	71,985,761
on inter corporate deposits	26,607,802	604,625
others	33,034,298	883,004
	223,619,594	127,259,555

➔ 26. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Net Profit available for equity share holders	879,595	320,014,515
Weighted average number of equity shares for computation of basic and diluted earnings per share	7,538,400	7,538,400
Basic earnings per share	0.12	42.45
Diluted earnings per share	0.12	42.45

➔ 27. Gratuity and other post employment benefit plans

Gratuity

The Company operates gratuity plan which is administered through a gratuity trust for its employees as per the provisions of the Payment of Gratuity Act, 1972 [Amended]. The gratuity plan envisages annual contribution by employer to the trust as per actuarial valuation. The payment of gratuity to the employees are payable as per the Payment of Gratuity Act, 1972 [Amended] at the time of separation from service or retirement, whichever is earlier, subject to completion of the minimum qualifying service of 5 years. The payment of gratuity to the eligible employees by the trust is guaranteed by the Company. The Guidance issued by the Accounting Standard Board – the 'ASB' – on implementing AS-15, Employee Benefits [Revised 2005] states that employee benefits fund set up by employers which guarantee any shortfall to be made good by the employer is treated as defined benefit plan.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

GRATUITY

Net employee benefit expense recognized as employee cost in statement of profit and loss	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Current service cost	5,575,767	5,878,591
Interest cost on benefit obligation	4,210,063	3,981,152
Expected return on plan assets	(3,693,557)	(3,657,808)
Net actuarial(gain)/loss recognized in the year	(4,929,537)	(4,224,787)
Net benefit expense	1,162,736	1,977,148
Actual return on plan assets	7,480,665	4,089,903

GRATUITY

Benefit asset/liability	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Present value of defined benefit obligation	47,737,810	48,115,004
Fair value of plan assets	48,240,410	48,780,340
Plan asset/(liability)	502,600	665,336

GRATUITY

Changes in the present value of the defined benefit obligation are as follows:	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Opening defined benefit obligation	48,115,004	48,256,383
Current service cost	5,575,767	5,878,591
Interest cost	4,210,063	3,981,152
Benefits paid	(9,020,595)	(6,208,430)
Actuarial (gains)/losses on obligation	(1,142,429)	(3,792,692)
Closing defined benefit obligation	47,737,810	48,115,004



GRATUITY

Changes in the fair value of plan assets are as follows:	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Opening fair value of plan assets	48,780,340	48,498,867
Expected return	3,693,557	3,657,808
Contributions by employer	1,000,000	2,400,000
Benefits paid	(9,020,595)	(6,208,430)
Actuarial gains/(losses)	3,787,108	432,095
Closing fair value of plan assets	48,240,410	48,780,340

GRATUITY

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	31.03.2013	31.03.2012
Government of India securities	14.90%	18.00%
Special deposit scheme	3.89%	3.64%
State government securities	3.97%	6.67%
Financial Institute/Corporate bonds	53.15%	52.24%
Insurance managed funds	24.09%	19.45%
	100%	100%

GRATUITY

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Company's plans are shown below:	31.03.2013	31.03.2012
Retirement age	60	60
Discount rate	8.25%	8.75%
Employee turnover	1%	1%
Salary escalation	7%	7%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:	31-Mar-13 (Amount ₹)	31-Mar-12 (Amount ₹)	31-Mar-11 (Amount ₹)	31-Mar-10 (Amount ₹)	31-Mar-09 (Amount ₹)
Gratuity					
Defined benefit obligation	47,737,810	48,115,004	48,256,383	44,364,398	36,919,239
Plan assets	48,240,410	48,780,340	48,498,887	45,608,464	29,125,032
Surplus/(deficit)	(502,600)	(665,336)	(242,504)	(1,244,066)	7,794,207
Experience adjustments on plan liabilities	(2,963,412)	(1,974,209)	NA	NA	NA
Experience adjustments on plan assets	3,787,108	432,095	NA	NA	NA

The Company expects to contribute ₹ 7,553,835 to gratuity in the next year (31st March 2012: ₹ 13,330,968).

28. Segment information

Business segments

The Company operates in only one business segment, i.e. 'Engineering, Procurement and Construction' based on the nature of the services and products, the risks and returns etc. Therefore, business segment reporting in terms of accounting standard 17 on segmental reporting is not applicable.

Geographical segments

In respect of the secondary segment information, the Company has identified its geographical segments as (a) within India; and (b) outside India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary. Accordingly, the geographic segment information for the year ended 31st March, 2013 has been disclosed as follows:

Year ended 31 March 2013	(Amount ₹) Within India	(Amount ₹) Outside India	(Amount ₹) Total
Segment Revenue	5,242,660,310	-	5,242,660,310
Other segment information			
Segment assets	5,599,923,627	6,785,519	5,606,709,146
Capital expenditure:			
Tangibles	79,828,306	-	79,828,306
Intangibles	9,965,197	-	9,965,197

Year ended 31 March 2012	(Amount ₹) Within India	(Amount ₹) Outside India	(Amount ₹) Total
Segment Revenue	6,715,639,333	-	6,715,639,333
Other segment information			
Segment assets	5,733,837,874	7,082,753	5,740,920,627
Capital expenditure:			
Tangibles	306,075,681	-	306,075,681
Intangibles	10,871,904	-	10,871,904



29. Related party disclosures

Names of related parties and related party relationship Related parties where control exists

Holding Company	Petron Investments Private Limited*
Ultimate holding Company	KazStroyService Global B.V

Related party with whom transactions have taken place during the year

Fellow subsidiaries	KazStroy Engineering India Private Limited
	KazStroyService Infrastructure India Private Limited*
	KazStroyService Management Services Pte. Limited
	Petron Civil Engineering Private Limited*

Key management personnel

Mr. Ajay Hans, Managing Director (from 05.10.2012)
Mr. T.S. Das, Managing Director (till 05.10.2012)
Mr. G.K. Roy, Director-Operations (from 05.10.2012 to 08.03.2013)

*Refer Note 3(C)(i)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale of goods, services and fixed assets	(Amount ₹) Year ended	Sale of Fixed Assets	Sale of Services	Trade Receivables
Fellow subsidiaries				
KazStroyService Infrastructure India Private Limited	31-Mar-13	-	25,873,389	26,720,913
	31-Mar-12	-	3,939,505	5,026,981
Petron Civil Engineering Private Limited	31-Mar-13	-	-	2,024,813
	31-Mar-12	-	2,066,136	2,066,136

b. Loans taken and repayment thereof	Amount ₹ Year ended	Loans taken	Repayment	Interest accrued	Amount owed to the related parties
Holding company					
Petron Investments Private Limited	31-Mar-13	11,000,000	-	3,831,066	43,801,920
	31-Mar-12	29,000,000	-	353,959	29,353,959
Fellow subsidiaries					
Petron Civil Engineering Private Limited	31-Mar-13	84,488,118	74,500,000	4,732,758	14,247,601
	31-Mar-12	-	-	-	-
KazStroyService Infrastructure India Private Limited	31-Mar-13	185,000,000	100,000,000	11,827,391	95,305,925
	31-Mar-12	10,000,000	10,000,000	21,453	-

c. Advance given / received	(Amount ₹) Year ended	Advance received	Advance given
Fellow subsidiaries			
Petron Civil Engineering Private Limited	31-Mar-13	-	89,331
	31-Mar-12	11,470,681	-



d. Expenses incurred by the Company on behalf of and expenses incurred by others on behalf of the Company and advances recovered from employees	(Amount ₹) Year ended	Expenses / Purchases	Advance recovered from employees	Expenses by the Company	Expenses on behalf of the Company by	Trade and Other payables balance
Holding and ultimate holding companies						
Petron Investments Private Limited	31-Mar-13	-	-	112,112	-	15,853,368
	31-Mar-12	-	-	3,701,422	-	15,965,480
Fellow subsidiaries						
KazStroyService Infrastructure India Private Limited	31-Mar-13	-	-	8,279,980	-	-
	31-Mar-12	-	-	-	-	-
Petron Civil Engineering Private Limited	31-Mar-13	-	-	6,780,733	-	127,049,237
	31-Mar-12	143,519,260	14,000	79,609	-	110,892,476
KazStroyService Management Services Pte. Limited	31-Mar-13	13,242,803	-	-	-	14,704,345
	31-Mar-12	12,149,575	-	-	-	5,293,543

e. Corporate guarantee given by Petron Investments Private Limited for ₹ 370 crores.

f. Remuneration to key managerial personnel	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Mr. T.S. Das, Managing Director (till 05.10.2012) Salary, bonus and contribution to PF	7,275,559	10,118,040
Mr. Ajay Hans, Managing Director (from 05.10.2012) Salary, bonus and contribution to PF	2,078,542	-
Mr. G.K. Roy, Director-Operations (from 05.10.2012 to 08.03.2013) Salary, bonus and contribution to PF	2,256,177	-
Total	11,610,278	10,118,040

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.



→ 30. Capital and other commitments

Commitment for capital expenditure is ₹ 3,260,499 (31st March 2012: ₹ 4,726,951).



→ 31. There have been major delays and cost overruns on long-term fixed price contracts with Bharat Heavy Electricals Limited – the 'Client' – at Kahalgaon, Bihar – the 'project location' – on account of the Client's failure to provide the front, free issue materials and cranes/equipment. This was further aggravated by the labour unrest at the Client's project location. The Company had represented to the Client for relief and compensation; however the Client unilaterally and arbitrarily rejected the same and called the bonds for advance payments and performance. The Company had, as per the terms of the tender document, asked Client to appoint a Sole Arbitrator to settle various claims which include outstanding payment of ₹ 21,503,907, which has been fully provided. The statements of facts and claims were submitted by the Company and Client before the Arbitrator.

→ 32. The Company had entered into three contracts aggregating to ₹ 27,974 Lacs with one of the customers for design, engineering, supplies and construction of refinery heater and piping packages. The progress on these contracts was, however, badly hit because of the severe financial crisis at the customer's end. These warranted the Company to decelerate the works at these projects significantly.

With reference to aforesaid contracts, Trade receivables of ₹ 1,278 Lacs (net of mobilization advance of ₹ 2,926 Lacs), is confirmed by the Customer as payable, while the unbilled revenue being receivable from the customer amounting to ₹ 6,256 Lacs are in the form of un-finished works and inventories, most of which are marketable, if required.

As regards Trade Payables of ₹ 1,866 Lacs relating to the said contract is concerned, the same is subject to re-conciliation of work performed and can be accurately ascertained after re-negotiation upon re-start of the project.

The Company has received a written communication in May, 2013 from the customer affirming their intent to revive the subject mega project (the largest private investment in the region) – which is nearly 60% complete – within this year, which had hit a temporary roadblock because of the cost escalation, natural disaster and financial constraints. As per the communication, the customer is persistently endeavoring to get required equity infusion from current and/or new investors to eventually do a financial closure. Apart from the above letter, the same has also been reaffirmed by the top executives of the customer in discussions.



➔ 33. Contingent liabilities

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
a) Claims against the Company not acknowledged as debts, comprises of:		
Sales tax matters in appeal (Sales tax matters in appeal mainly comprises of demands made on account of non submission of Cand E forms, disallowances on assessments, additional tax levied, late filing of returns, non submission of original documents etc).	54,935,764	83,252,888
Excise duty matters in appeal (Excise matters in appeal mainly comprises of demands made on duty paid imported goods and difference in scheduled rates).	740,954	690,954
Service tax matters in appeal (Service tax matters in appeal mainly comprises of demands made on disallowance of input credit, disallowing the abatement scheme adopted by the company and penalty for late payment etc).	56,498,673	38,374,755
Income-tax matters (Income-tax matters comprises of demand of tax and interest on short deduction of tax deducted at source).	954,033,763	954,033,763
labour matters and other litigations (Labour matters comprises of demand made for labour welfare cess).	3,970,102	3,970,102
	1,070,179,256	1,080,322,462

- b) The Company is contesting the above demands and does not expect any material liability in respect of above contingent items, the effect of which, if any, will be taken as and when these are settled.
- c) Bank guarantees and Inland / Foreign letters of credit issued by the banks on behalf of the Company of ₹ 2,994,647,404 (31st March 2012: ₹ 1,341,825,376) and ₹ 544,250,759 (₹ 138,156,873) respectively.
- d) In respect of certain contracts where the contractual completion dates have already been expired, the Company is in the process of getting extension of contractual completion dates. Company is of the view that no liquidated damages for delay will be levied as delays are mainly on part of customers obligations. The ultimate outcome of the same will be known only after the completion of the contracts.

➔ 34. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
The principal amount and the interest due there on remaining unpaid to any supplier as at the end of each accounting year Principal amount due to micro and small enterprises	38,395	3,671
	38,395	3,671



➔ 35. Value of imports calculated on CIF basis

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Capital goods	1,290,503	89,618,672
Raw materials	315,872,185	347,872,669
	317,162,688	437,491,341

➔ 36. Expenditure in foreign currency (accrual basis)

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Professional fees	13,242,803	13,674,759
Foreign travel, boarding and lodging	1,406,546	370,567
Others	-	4,162
	14,649,349	14,049,488

➔ 37. Imported and indigenous raw materials consumed

	% of total consumption 31.03.2013	Value Amount ₹ 31.03.2013	% of total consumption 31.03.2012	Value Amount ₹ 31.03.2012
Imported	15.26	315,872,185	12.86	347,872,669
Indigenously obtained	84.74	1,753,801,326	87.14	2,358,437,417
	100.00	2,069,673,511	100.00	2,706,310,086

➔ 38. Disclosure under AS-7 (revised 2002)

In terms of the disclosures required to be made under AS-7 (revised 2002), Construction Contracts, issued by the ICAI, the amounts considered in the financial statements up to the balance sheet date are as follows:

	31.03.2013 (Amount ₹)	31.03.2012 (Amount ₹)
Contract revenue recognised during the year	5,200,759,967	6,670,669,831
Aggregate amount of cost incurred and recognised profits [less recognised loss]	13,196,956,349	9,463,727,722
Amount of customer advances	627,388,379	743,514,872
Gross amount due from customers	2,630,825,150	2,235,311,484
Gross amount due to customers	14,110,109	370,782,640
Retention money	261,006,449	221,709,242

➔ 39. Net dividend remitted in foreign exchange

Year of remittance (ending on)	31.03.2013	31.03.2012
Period to which it relates	1 April 2011 to 31 March 2012	1 April 2010 to 31 March 2011
Number of non-resident shareholders	2	1
Number of equity shares held on which dividend was due	1,517,810	10,130
Amount remitted (in USD)	54,499	411.20

➔ 40. Unhedged foreign currency exposure

Particulars	Currency	31.03.2013		31.03.2012	
		Amount in Foreign Currency	Amount ₹	Amount in Foreign Currency	Amount ₹
Trade payables	EURO	-	-	791,270	52,336,573
	USD	406,355	22,079,320	1,043,347	54,097,542
	Total	22,079,320		Total 106,434,115	
Trade receivables	KWD	35,772	6,785,519	35,772	6,668,044
	Total	6,785,519		Total 6,668,044	
Bank balance	KWD	2,211	419,440	2,225	414,710
	Total	419,440		Total 414,710	

- ➔ 41. The determination of revenue as per the percentage completion method and provision of foreseeable loss necessarily involve making estimates by the management of the future cost, and this being technical in nature has been relied upon by the auditors.

As per our report of even date

For S.R. Batiiboi and Co. LLP
Firm registration number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Mumbai, May 29, 2013

For and on behalf of the Board
Petron Engineering Construction Limited

Ajay Hans
Managing Director

Pulkit Goyal
Head-Finance & Accounts

Ravi Keswani
Director

Naresh Shah
Sr. VP (Legal) & Company Secretary



LEVEL NEXT ENGINEERING



PETRON ENGINEERING CONSTRUCTION LIMITED





LEVEL NEXT ENGINEERING

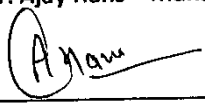
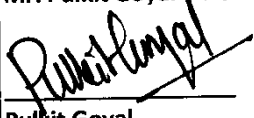
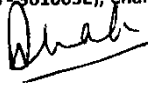
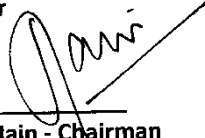




PETRON ENGINEERING CONSTRUCTION LIMITED
6th Floor, Swastik Chambers, Sion-Trombay Road
Chembur, Mumbai-400 071, India
Tel: +91-22-40856400 / 40856200
Fax: +91-22-40856250 / 67973509

www.petronengineering.com

FORM B

1.	Name of the Company:	Petron Engineering Construction Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit qualification	<p>Auditors' Qualification: <i>We report that as at March 31, 2013 Trade receivables of Rs. 1,278 lacs (net of mobilization advance of Rs. 2,926 Lacs), unbilled revenue being dues receivable from a customer amounting to Rs. 6,256 Lacs and trade payables of Rs. 1,866 Lacs relating to a contract, are subject to final confirmations from the respective parties as the matter is under negotiation. In the absence of such confirmation and pending final outcome of the negotiations, we are unable to comment upon the amounts ultimately receivable / payable in respect of this contract and the consequential impact, if any, on the reported loss for the quarter ended March 31, 2013 and the reported profit for the year ended March 31, 2013 and corresponding Assets and Liabilities as at that date.</i></p>
4.	Frequency of qualification	First Time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>Reference in Annual Financial Statement – Note No. 32 Company's Response The Company has received a written communication in May, 2013 from the customer affirming their intent to revive the subject mega project (the largest private investment in the region) – which is nearly 60% complete – within this year, which had hit a temporary roadblock because of the cost escalation, natural disaster and financial constraints. As per the communication, the customer is persistently endeavoring to get required equity infusion from current and/or new investors to eventually do a financial closure. Apart from the above letter, the same has also been reaffirmed by the top executives of the customer in discussions. As qualified by the auditors in their report on the realization of trade receivables and unbilled revenue, the management hereby informs that the amount outstanding in the form of trade receivables is duly confirmed by the customer as payable while the unbilled revenues are in the form of unfinished works and inventories, most of which are marketable, if required. The management is confident of its recovery in due course of time.</p>

	<p>Further, the accounts payable shall be subject to the reconciliation of the work performed at the said project and can be accurately ascertained after re-negotiation upon restart of the project or otherwise, as the case may be.</p>
<p>6. Additional comments from the board/audit committee chair:</p>	<p>This qualification is with reference to the amount receivable from Client The management believes that the said amounts will be ultimately realized and hence, continues to carry them at book values. The same has been dealt with by the Company in the Directors' Report under the heading "Auditors and their Report" under Item No. 10. Given the financial condition of the customer and in the absence of confirmation for unbilled revenue from the customer; the auditors have qualified their opinion in this regard.</p>
<p>7. To be signed by-</p> <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman" <p>Place : Mumbai Dated : 29th May, 2013</p>	<p>Mr. Ajay Hans – Managing Director</p> <p> Ajay Hans</p> <p>Mr. Pulkit Goyal – Head (Finance & Accounts)</p> <p> Pulkit Goyal</p> <p>M/s. S. R. Batliboi & Co. LLP (Regn. No. 301003E), Chartered Accountants, Mumbai</p> <p> Hemal Shah – Partner Membership No. 42650</p> <p>Mr. Sanjay Jain – Non-Executive (Independent) Director</p> <p> Sanjay Jain - Chairman</p> <p></p> <p></p>