

October 5, 2017

To
The Secretary – Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

To
The Secretary – Listing Department
National Stock Exchange Limited
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra East
Mumbai – 400 051

Dear Sir,

Sub.: Submission of Annual Report to Stock Exchanges pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the year ended March 31, 2017, which has been duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 at the Annual General Meeting of the Company held on Thursday, September 28, 2017.

We request you kindly take the above in your record.

Thanking You

Yours faithfully,
For Petron Engineering Construction Limited


Rashmi Patkar
Company Secretary

Encl.: As above

41st ANNUAL REPORT FY 2016-17



PETRON ENGINEERING CONSTRUCTION LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Himanshu Mohapatra

COMPANY SECRETARY

Rashmi Patkar

SENIOR MANAGEMENT

G. S. Jain	Chief Operating Officer
S. K. Datta	Sr. Vice President (Projects)
S.P. Mridha	Sr. Vice President (Projects)
R.G. Soni	Vice President (Proposals)
Raghavan K.	Sr. General Manager (Proposals)

STATUTORY AUDITORS

M/s. Lodha & CO.
Chartered Accountants
C-1, Upasana, 1 Hailey Road,
New Delhi 110 001

REGISTERED OFFICE

6th Floor, Swastik Chambers
Sion-Trombay Road, Chembur
Mumbai 400071
CIN : L45202MH1976PLC019135
Tel: +91 22 4085 6200
Fax: +91 22 4085 6250 / 6797 3509
Website: www.petroneengineering.com

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd
C 101, 247 Park, L.B.S. Marg,
Vikhroli West, Mumbai - 400 083
Tel : 91-022-49186000 Fax: 91-022-49186060
Email : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

BANKERS

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

COMMITTEES OF DIRECTORS

Audit Committee

Sanjay Jain
Ravi Keswani
Nandita Vijay Gupta

Nomination and Remuneration Committee

Sanjay Jain
Ravi Keswani
Nandita Vijay Gupta

Stakeholders Relationship Committee

Sanjay Jain
Ajay Hans
Nandita Vijay Gupta

CSR Committee

Sanjay Jain
Ajay Hans
Nandita Vijay Gupta

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GROWTH
EFFICIENCY
SUSTAINABILITY
OPTIMIZATION
SERVICE
PEOPLE

MESSAGE FROM THE MANAGING DIRECTOR



Dear Shareholders,

This tremendous journey we have been involved with during the past four decades. We are all the more geared to take a closer look at the opportunities and challenges lying ahead.

We always believed that the prime reason behind all activities is to achieve Complete Customer Satisfaction in all the projects we deliver to our clients.

Infrastructure sector is a key driver for the Indian economy. The "Make in India" concept is expected to provide infrastructure developments and your Company would seek such opportunities to tie-up with such foreign companies for providing construction services for their projects.

Though investment momentum has not reached in some of the sectors in which your Company is functioning, the positives are expected to emerge considering the subsidy reduction, inflation containment, GST initiatives and various fiscal measures which will increase the investment in infrastructure sectors.

Your Company is providing very specialized Turnkey / Composite construction solutions for Civil, Mechanical, Electrical, Instrumentation, Insulation, Refractory and commissioning services under one Company in the areas of Power, Cement, Refinery / Oil & Gas, Fertilizer & Petrochemical, Steel Plants and other process plants.

Since crude oil prices have remained low, India's crude oil refinery output declined by 2.3% to 18.71 mt in 2017 over 2016. However, the Government of India's initiatives on Climate change, the investment in clean fuel project is likely to give opportunity in Oil Refinery Sectors.

With the introduction of various new reforms and policies along with a tax and regulatory friendly environment, the Make in India initiative can be expected to create the necessary fertile ground to foster the growth of manufacturing sector and uplifting the Indian economy. There is also possibility of capacity additions in existing Fertilizer Plants as the demand from Agriculture Sector is expected to grow.

Quality & Safety will continue to be our key priority and we will constantly provide safe & best services to our prestigious clients. We will strictly adhere to Integrated Management System with applicable International Standards.

Moving ahead, we are fully committed to carry out the same work ethics and policies to ensure that our deliverances are always above and beyond our clients' expectations. And their belief in us keeps growing even bigger, as we go about delivering their projects with professionalism and expertise.

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

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

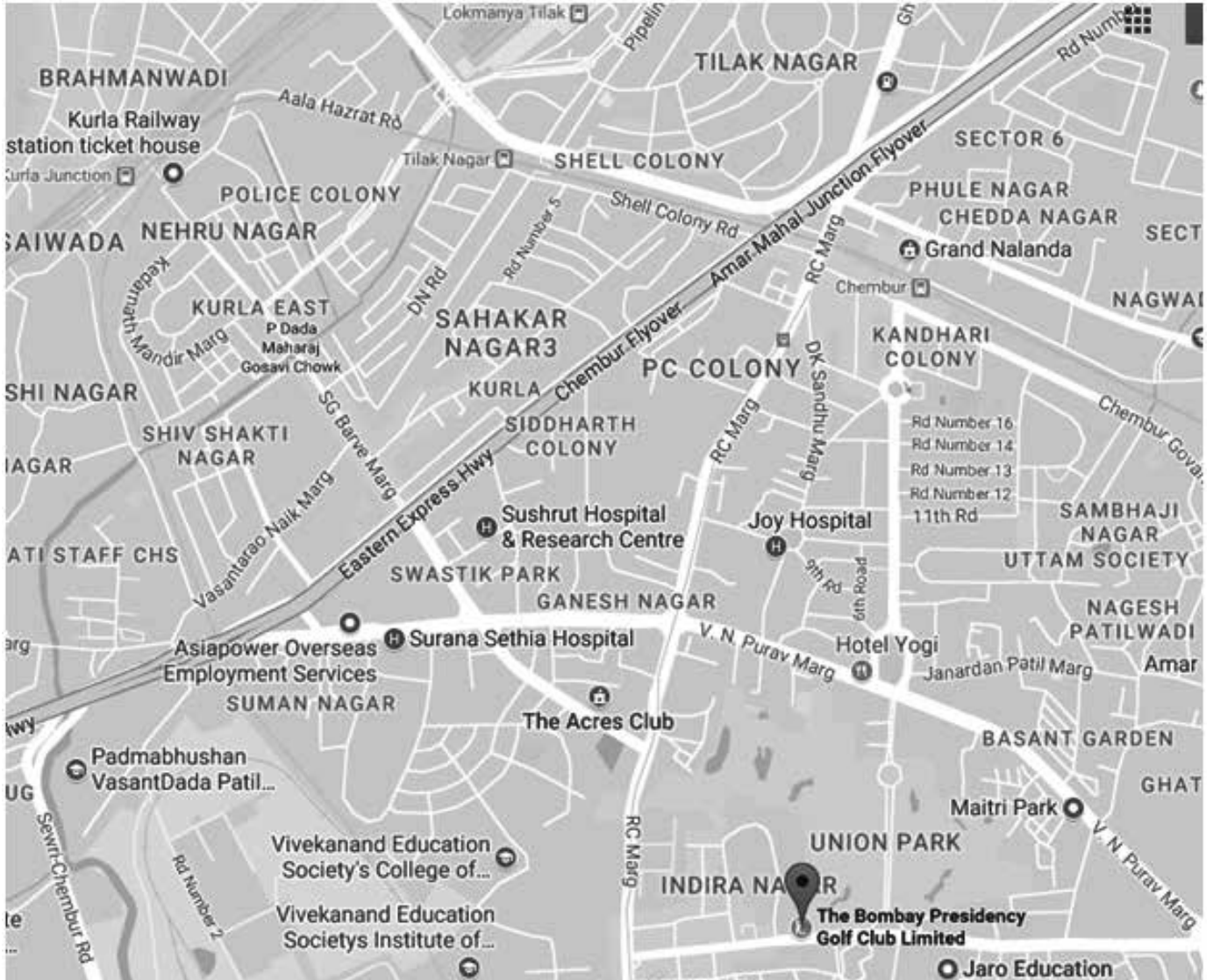
Best wishes,

Ajay Hans
Managing Director

Mumbai, July 24, 2017

ROUTE MAP - AGM VENUE

THE BOMBAY PRESIDENCY GOLF CLUB LTD.
Dr. Choithram Gidwani Road, Chembur, Mumbai 400 074



NOTICE

NOTICE is hereby given that the 41st ANNUAL GENERAL MEETING of the members of Petron Engineering Construction Limited will be held on Thursday, September 28, 2017 at 3:30 p.m. at The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai 400 074 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors of the Company thereon.
2. To appoint a Director in place of Mr. Ravi Keswani, (DIN 00034756) who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Independent Auditors of the Company and fix their remuneration and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, and Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, and pursuant to the resolution passed by the members at the 39th Annual General Meeting held on September 25, 2015, the appointment of M/s. Lodha & Co., Chartered Accountants, New Delhi, (Registration No. 301051E), as Independent Auditors of the Company to hold office till the conclusion of 44th Annual General Meeting of the Company, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2018 as may be determined by the audit committee in consultation with the auditors, and that such remuneration as maybe agreed upon between the auditors and the Board of Directors.”

**By Order of the Board
For Petron Engineering Construction Limited**

Date : July 24, 2017

Place : Mumbai

**Rashmi Patkar
Company Secretary
(M.No. F8746)**

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 10% (ten percent) of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 3) Corporate members intending to send their authorised representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 4) Members/Proxies/Authorised Representatives are requested to bring the Attendance Slip duly filled in for attending the Annual General Meeting.
- 5) Queries on accounts and operations of the Company, if any, may please be sent to the Company at least seven days in advance of the meeting so that the information may be made readily available at the Meeting.
- 6) The Register of Members and the Share Transfer Books of the Company will be closed from Friday, September 22, 2017 to Thursday, September 28, 2017 (both days inclusive) for the purpose of Annual General Meeting of the Company.
- 7) Members are requested to immediately intimate any change in their addresses registered with the Company to the Company's Registrars & Transfer Agents, M/s. Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083, in respect of their holding in physical form and to their Depository Participants (DPs) in respect of their holding in electronic form.

- 8) Individual Shareholders can avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of the share holder(s). A minor can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as Bodies Corporate, Kartas of Hindu Undivided Families, Partnership Firms, Societies, Trusts and holders of Power of Attorney. For further details, please contact the Company's corporate office.
- 9) Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents, as mentioned above or Company Secretary, at the registered office of the Company. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act, and the applicable rules.

Members who have not encashed the dividend warrants so far, for the Financial Year ended March 31, 2010, March 31, 2011 and March 31, 2012 are requested to make their claim.

Details of unpaid/unclaimed dividend are available on the website of the Company.

- 10) The Annual Report alongwith Notice of Annual General Meeting of the Company, circulated to the Members of the Company, will also be made available on the Company's website i.e. www.petronengineering.com.
- 11) Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the Directors seeking appointment / reappointment at the AGM, forms part of the Notice.
- 12) Electronic copy of the Annual Report for March 31, 2017 is being sent to all the Members whose e-mail address are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For the Members who have not registered their email address, physical copies of the Annual Report for 2017 is being sent in the permitted mode. Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014 requires a Company to provide advance opportunity atleast once in a financial year, to the Member to register his email address and any changes therein. In compliance with the same, we request the Members who do not have their email id registered with the Company to get the same registered with the Company. Members are also requested to intimate to the Registrar and Share Transfer Agent, the changes, if any, in the email address.

13) VOTING THROUGH ELECTRONIC MEANS

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendment thereto, the Members are informed that the Company is pleased to offer e-Voting facility as an alternative mode to voting at the Meeting. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-Voting.

The facility for voting through polling paper shall be made available at the AGM and the members attending the AGM who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. For the aforesaid purpose, the Company has appointed M/s. Pradeep Purwar & Associates, Practicing Company Secretaries as Scrutinizer for scrutinizing e-Voting process in a fair and transparent manner.

The instructions for members for remote e-voting are as under:

- (i) The e-voting period begins on **Monday, September 25, 2017** from **9:00 a.m.** and ends on **Wednesday, September 27, 2017** at **5:00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **Friday, September 22, 2017**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website www.evotingindia.com
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take printout of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

IMPORTANT NOTES

- 14) Any person, who acquires shares of the Company and becomes member of the Company after the dispatch of the Annual General Meeting Notice and holding shares as of the cut-off date i.e. **Friday, August 18, 2017**, may obtain their sequence number (applicable only in case of non registration of PAN with Depository Participant/Company/Registrar and Transfer Agent) by sending a request at rnt.helpdesk@linkintime.co.in.
- 15) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “e-voting” or “Polling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility / ballot form. The Facility for Voting at meeting venue shall be decided by the company i.e. “e-voting” or “Polling Paper”.
- 16) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- 17) M/s. Pradeep Purwar and Associates, Company Secretaries has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- 18) The result declared along with the Scrutinizer Report shall be placed on the Company’s website - www.petroneengineering.com, and the website of CDSL within two days of passing the resolutions at the AGM of the Company and communicated to BSE Ltd. and National Stock Exchange of India.

Disclosure pursuant to Regulation 36(3) of Securities and Exchange of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	Mr. Ravi Keswani
DIN	00034756
Qualification	Chartered Accountant & Law Graduate
Expertise in specific functional areas	He is having an overall experience of 30 years working with large corporate in Finance & Treasury, Accounts, Taxation, Commercial, Project Costing & Budgeting Control, Corporate Strategy, Merger & Acquisition etc.
Date of appointment on the Board of the Company	March 20, 2010
Details of Shares held in the Company as on March 31, 2017	NIL
List of Companies in which outside Directorships held as on March 31, 2017	NIL
Chairman / Member of the Committees of other Companies on which he / she is a Director as on March 31, 2017	Audit Committee – Member Nomination and Remuneration Committee – Member

**By Order of the Board
For Petron Engineering Construction Limited**

**Date : July 24, 2017
Place: Mumbai**

**Rashmi Patkar
Company Secretary
(M. No. F8746)**

DIRECTORS' REPORT

Dear Shareholders,

The Directors of Petron Engineering Construction Limited are pleased to present the 41st Annual Report alongwith the Audited Financial Statements of your Company for the year ended March 31, 2017.

1. FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	2016-17	2015-16
Income from Operations	34,455	42,191
Other Income	310	682
Total Income	34,765	42,873
Profit/(Loss) before Interest, Depreciation and Taxes	668	3,704
Finance Cost	1,894	2,459
Profit/(Loss) before Depreciation and Taxes	(1,226)	1,245
Depreciation	699	728
Profit/(Loss) before Tax	(1,925)	517
Tax Expenses (Including Taxes of Earlier Years)	(573)	81
Profit/(Loss) for the Year	(1,352)	436

2. OVERVIEW OF COMPANY'S PERFORMANCE

The F.Y. 2016-17 has been a challenging year. We have sailed through and have done reasonably good despite financial constraints.

- Revenue from operations decreased by 19% to ₹ 34,765 Lacs
- Net loss for the year is ₹ 1,352 Lacs primarily due to lower execution of projects and due to extend constraints.

3. DIVIDEND

No dividend has been recommended by the Board of Directors of the Company for financial year 2016-17 as the Company has incurred loss. However, the register of members and share transfer books will remain closed from Friday, September 22, 2017 to Thursday, September 28, 2017 (both days inclusive).

4. PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

5. CHANGE IN NATURE OF BUSINESS

During the financial year 2016-17, Company has not changed its nature of business and has been continuing with the same line of business.

6. SHARE CAPITAL

The Paid-up Share Capital as on March 31, 2017 was ₹ 753.84 Lacs. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company. As on March 31, 2017, none of the Directors of the Company hold shares of the Company.

7. CREDIT RATING

Long Term Loan and Fund Based working capital facilities of ₹ 151.66 crores have been assigned BBB- rating. AND Non-Fund Based working capital facilities of ₹ 477 crores have been assigned A3 rating by India Ratings & Research Private Limited.

8. HOLDING COMPANY/ SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

There are no Subsidiary & Associate Companies within the meaning of Companies Act, 2013. The Company has not entered into any Joint Ventures during the year under review.

The Company has below mentioned companies as Holding Company as at the end of financial year ended March 31, 2017.

Holding Company	KSS Petron Pvt. Ltd.
Ultimate Holding Company	KazStroyService Global BV

9. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Sudhir Kumar Jain, Independent Director of the Company has resigned from the Directorship on February 10, 2017 due to personal reasons. The Board places on record its deep appreciation for the valuable contribution made by him during his tenure as the Director of the Company.

Except the above, no other Director or Key Managerial Person had been appointed, resigned or retired during the year.

10. BOARD INDEPENDENCE

The following Non-Executive Directors are Independent Directors in terms regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013:

- i) Mr. Sanjay Jain
- ii) Ms. Nandita Vijay Gupta

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. BOARD EVALUATION

The Companies Act, 2013, rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provide that the Annual Report of the Company shall disclose the following:

- Manner in which formal performance evaluation of the Board, its Committees, and Individual Directors including independent directors has been carried out; and
- Evaluation criteria

To this effect, on the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

A separate meeting of independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

The performance was evaluated on parameters such as attendance and participations in the meetings, Compliance with policies of the Company, ethics, code of conduct, Safeguarding interest of whistle-blowers under vigil mechanism, Professional skills, problem solving, and decision-making, etc.

The Board approved the evaluation results as collated by the nomination and remuneration committee.

12. BOARD COMMITTEES

During the year, in accordance with the Companies Act, 2013 & SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board re-constituted some of its Committees. Currently there are following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. CSR Committee

Details of all the Committees alongwith their charters, composition and meetings held during the year are provided in the "Corporate Governance Report", which forms a part of this Annual Report.

13. MEETINGS OF THE BOARD

Four meetings of the Board of Directors were held during the year. The details of the Board Meetings and the attendance of the Directors at the meetings are provided in the "Corporate Governance Report" which forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and the Secretarial Standard on Board Meetings issued by The Institute of Company Secretaries of India (ICSI).

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- a. that in the preparation of annual accounts, the applicable accounting standards have been followed and there has been no material departure;

- b. that the selected accounting policies were applied consistently and 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, 2017 and of the Profits/Loss of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts have been prepared on a "going concern" basis;
- e. that Internal Financial Controls have been laid down to be followed by the Company and such Internal Financial Controls are being strengthened on specific areas to ensure greater effectiveness;
- f. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

15. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Sanjay Jain, Chairman who is an Independent Director, Mr. Ravi Keswani, Member, who represents the Promoters, and Ms. Nandita Vijay Gupta, Member who is also an Independent Director. All the recommendations made by the Audit Committee were accepted by the Board.

16. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures pertaining to remuneration and other details are appended as "Annexure – I" to the Directors' Report.

The Information required as per Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of the Report. In terms of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

17. NOMINATION AND REMUNERATION POLICY

In terms of section 178(3) of the Companies Act, 2013 and Part D of Schedule II Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has framed Nomination and Remuneration Policy. The said policy of the Company on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Directors and other matters is annexed as 'Annexure II'. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

18. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

Independent Directors, on their appointment, are issued a Letter of Appointment setting out in details the terms of appointment, duties, responsibilities and expected time commitments. Necessary arrangements are made to organize the interactive sessions with the members of Senior Management of the Company. The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company is displayed up on the website of the Company i.e. <http://www.petronengineering.com>.

During the year under review, Independent Directors were apprised on an ongoing basis in the various Board/ Committee meetings on Industry developments, regulatory updates, business overview, operations, financial statements, update on statutory compliances for Board members, etc.

19. AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS

M/s. Lodha & Co., Chartered Accountants, (Registration No. 301051E), New Delhi were appointed as Independent (Statutory) Auditors of the Company at the 39th Annual General Meeting. They have been appointed as Independent Auditors from the conclusion of the 39th Annual General Meeting until the conclusion of the 44th Annual General Meeting, subject to ratification by the member/ shareholders at every Annual General Meeting.

The Company has received a letter from M/s. Lodha & Co., Chartered Accountants, New Delhi, to the effect that their appointment, if ratified, will be in accordance with the limits prescribed under Section 139(1) of the Companies Act, 2013 and that, they are not disqualified within the meaning of Section 141 of the Act.

Accordingly, the appointment of M/s. Lodha & Co., Chartered Accountants, New Delhi is proposed for approval and ratification by the Shareholders at the 41st Annual General Meeting.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 and Rules thereunder, the Secretarial Audit for the financial year 2016-17 was conducted by M/s. Pradeep Purwar and Associates, Practicing Company Secretary and the Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith marked as "Annexure III" to this Report.

The Board has also appointed M/s. Pradeep Purwar and Associates, as Secretarial Auditor to conduct Secretarial Audit of the Company for Financial Year 2017-18.

INTERNAL AUDITOR

The Company has appointed Internal Auditor. The scope and authority of the Internal Auditor is as per the terms of reference approved by the Audit Committee. To maintain its objectivity and independence, the Internal Audit reports to the Chairman of the Audit Committee of the Board and Managing Director.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems accounting procedures and policies of the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. issued by the regulatory bodies.

20. AUDITORS' REPORT

The Auditors, M/s. Lodha & Co., Chartered Accountants, New Delhi, in their Report have drawn attention to Note No. 32, 33 and 44A on the following matter:

Auditors' Qualification No. 1**Quote:**

In respect of certain suspended / delayed contracts, as at 31st March 2017, trade receivable of ₹ 1,748 lacs (net of mobilization advance and provisions of ₹ 2,934 lacs) (as at 31st December 2016, trade receivables of ₹ 1,775 lacs, net of mobilization advance and provisions of ₹ 2,934 lacs) (as at 31st March 2016 ₹ 1,923 lacs, net of mobilization advance and provisions of ₹ 2,934 lacs) and unbilled revenue of ₹ 6,256 lacs (₹ 6,256 lacs as at 31st December, 2016 and 31st March, 2016) are doubtful of recovery and the balances of trade receivables and trade payables are pending for confirmation/ negotiation. Further, the trade payables amounting to ₹ 815 lacs (₹ 815 lacs as at 31st December 2016 and ₹ 819 lacs as at 31st March 2016 lacs) and other trade receivables in respect of above mentioned contracts are also subject to final negotiation/ confirmation. We are unable to comment about the status of amount receivables / payables on the reported loss for the three months/ year ended on 31st March 2017 and its corresponding impact on assets / liabilities as at that date.

This matter was also qualified in our report on the financial results for the quarter/year ended 31st March 2016 and in our Limited Review report for quarter/ nine months period ended 31st December 2016.

Unquote

The Company's response with regard to above qualifications is as under:

Quote:

The matter mainly relates to a mega project (the largest private investment in the region) – which is nearly 60% complete, which had hit a roadblock because of the cost escalation, natural disaster and financial constraints at the client's end. The client has confirmed that they are in discussions with various prospective investors for financial support to restart the project. Considering the developments, it is expected that the project will restart in near future. Apart from the above, the same has also been reaffirmed by the top executives of the said customer.

As commented by the auditors in their report, on the realization of trade receivables and unbilled revenue of the said project, the management hereby informs that the amount outstanding in the form of trade receivables is pending negotiations with client and the unbilled revenues are in the form of unfinished works and inventories, most of which are marketable, if required. The management is of the view that recovery will be made upon restart of the project.

In respect of trade receivables and unbilled revenue of other contracts, the company is negotiating with the clients and is confident of realisation of those receivables.

Further, the accounts payables are 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.

Unquote**Auditors' Qualification No. 2****Quote:**

₹ 2,922 lacs of revenue recognized till 31st March 2017, FY 2016-17 ₹ Nil (till 31st March 2016 ₹ 2,922 lacs), on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the Accounting

Standards AS-7 'Construction Contracts' and consequently balance in retained earnings and unbilled revenue balance as at 31st March 2017 is higher by ₹ 2,922 lacs (as at 31st December 2016 by ₹ 2,953 lacs and as at 31st March 2016 ₹ 2,922 lacs).

This matter was also qualified in our report on the financial results for the quarter/year ended 31st March 2016 and in our Limited Review report for quarter/ nine months period ended 31st December 2016.

Unquote

The Company's response with regard to above qualification is as under:

Quote:

There are contractual provisions in some of the contracts for claims against extended stay at pre-determined rates per month as specified in the respective contracts. Accordingly the Company has lodged claims for the extended stay. Further, during execution of works, some of the specifications, scope and methodology of execution have undergone changes for which change order requests have been submitted with the respective clients.

The Company is negotiating with the Clients and is confident of realisation of those claims.

Unquote

Auditors' Qualification No. 3

Quote:

There are delays in payment of statutory dues and non/delay in filing of certain statutory returns and auditors are unable to comment on impact on the loss for quarter / year. Company needs to further strengthen internal control system in this regard.

Unquote

The Company's response with regard to above qualification is as under:

Quote:

Certain statutory dues could not be paid on due dates due to cash flow issues, however, majority of such dues have since been paid along-with interest. Delayed payment charges (penalties), if any, will be accounted for as and when settled/paid. Necessary steps have been initiated for filing / revision of returns. The Company is in the process of strengthening internal control systems.

Unquote

The Auditors have also drawn attention to the following observations:

Quote:

1. Confirmation of Balance

Regarding pending confirmation / reconciliation of balances of certain trade receivable, unbilled revenue, other liabilities (including statutory dues and returns) and loan & advances as at March 31, 2017, where the management is confident that there will not be any material impact on confirmation / reconciliation on profit for the year.

2. Management estimates related to pending/delayed projects

Regarding certain pending/delayed projects estimated costs to completion are based upon management estimations and where the management is confident that there will not be any material impact on completion of work in future.

Unquote

Quote:

The Observations of the Auditors are self explanatory.

Unquote

21. RISKS & CHALLENGES

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. Clients and consultants are also adopting the 'Wait and Watch' situation and have become averse to take risky decisions due to the dynamic environment.

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.

The Company manages / monitors the principal risks and uncertainties that can impact its ability to achieve its objectives. The Company's management systems organizational structures, code of conduct governs the business of the Company and takes view of risks and put efforts to achieve risk mitigation through Internal Control Systems.

22. INTERNAL FINANCIAL CONTROL

As per explanation to Section 134 of the Companies Act, 2013, the Internal Financial Controls (IFC) are reviewed by your management and key areas are subject to various statutory, internal and operational audits. The review of the IFC, inter alia, consists of the optimum utilization and safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and adherence to applicable accounting standards, and the timely preparation of reliable financial disclosures; compliance with applicable laws, regulations and management policies; and an effective management information system.

23. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has appropriate internal control system for business processes with regards to its operations, financial reporting and compliance with applicable laws and regulations. There are well defined and documented procedures, policies and authority guidelines for each function in the Company. Your Company has 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.

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

24. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Details of loan, investments and guarantees given are provided in the notes accompanying the financial statement.

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF COMPANIES ACT, 2013

The Company has got a Policy to approve the Related Party Transactions and dealings with the Related Party by the Audit Committee / Board of Directors.

None of the transactions with Related Parties fall under the scope of 188(1) of the Act. The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC – 2, appended as "Annexure – IV".

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at www.petronengineering.com.

26. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT

There is no occurrence of material changes and commitment made between the end of the financial year and date of this report which has affected the financial position of the company.

27. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Regulation 34(2) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's various businesses, internal controls and their adequacy and other material developments during the financial year 2016-17.

28. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism / whistle blower policy for Directors and employees to report their genuine concerns. The whistle blower policy is also uploaded on company's website.

29. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in Form MGT-9 is appended as "Annexure – V" to the Board's report.

30. CORPORATE GOVERNANCE

The Compliance Certificate from Practicing Company Secretary on Corporate Governance pursuant to Clause – E of Schedule V of the SEBI (Listing Obligations and Disclosure requirements), Regulations, 2015 confirming compliance with the conditions of Corporate Governance forms part of the Directors' Report.

31. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**(A) Conservation of Energy**

- i) Steps taken for energy conservation, inter alia, include the following:
 - Office Air conditioning comfort temperature optimization
 - Electricity Consumption reduction by daily monitoring and control
 - Operational control of HVAC system (air conditioning) in winding premises
 - Compressed air pressure reduction in non-use time
 - Closing of unwanted opening from air conditioned premises reducing cooling loss
 - Access control on air conditioning. Installation of remote control switch in office optimizing operating temperature
 - Put in system to switch off the HVAC, A/C, Lights, Fans when not required
- ii) Steps taken by the Company for utilizing alternate sources of energy:
 - Open the blinds/curtains in offices to use natural lights
- iii) Capital investment on energy conservation equipments: NIL

(B) Technology Absorption: Not Applicable

Expenditure incurred on Research and Development: NIL

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars with regard to foreign exchange earnings and outgo are given below:

Total Foreign Exchange used and earned:

- i) Value of Imports on CIF basis ₹ 10.50 Lacs
- ii) Expenditure in Foreign Currency ₹ 7.87 Lacs
- iii) Foreign Exchange earned ₹ Nil

Further, it does not include Revenue recognized (Received / Receivables) in Foreign Currency from one of its clients amounting to ₹ 808.53 Lacs for the services rendered / job execution done in Special Economic Zone.

32. MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PERSONS EMPLOYED

Though the Company is passing through a challenging period due to financial constraints including cash-flow problems, your Company's relation with its staff / workers has remained cordial during the year.

The Company is having 443 employees as on 31st March, 2017.

33. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

The Corporate Social Responsibility and Governance Committee (CSR&G Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website. The contents of the policy along with the annexure specified in Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed herewith as 'Annexure VI'.

34. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy, to provide a formal Vigil Mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy may be accessed on the Company's website www.petronengineering.com.

35. POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE

The Company has zero tolerance for Sexual Harassment at workplace and has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at work place, in line with the provisions of Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complains of sexual harassment and or matters connected or incidental thereto with the objective of providing a safe working environment, where women employees can feel secure.

The Company has constituted a Committee which has got the powers to enquire into the complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2016-17.

36. GENERAL INFORMATION

Your Company is continuing to execute the contracts related to fabrication, installation of Plant, Machinery and Equipments for cement, refinery, petrochemicals, power, fertilizer plants etc. It is also continuing to execute Turnkey / Composite Construction Projects.

Over a period of time, your Company has developed the capabilities of executing vertical construction contracts across all sectors, which will be preferred mode of execution of future contracts and multiple project execution simultaneously.

37. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

38. TRANSFER OF UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of the provisions of Section 124 of the Companies Act, 2013, dividends remaining unpaid/ unclaimed for a period of seven years have to be statutorily transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. To ensure maximum disbursement of unclaimed dividend, the Company regularly sends reminder to the relevant investors.

Unclaimed Dividend in respect of the financial year 2009-10 will be due for transfer to IEPF on September 7, 2017 in terms of Section 124 of the Companies Act, 2013. Members who have not encashed their Dividends for the financial year ended 31st March, 2010 or any subsequent year(s) are requested to lodge their claims with the Company immediately.

Pursuant to IEPF Authority (Accounting, Audit, Transfer and refund) Rules, 2016 came into effect from September 7, 2016 which stipulates that shares on which dividend has not been paid or claimed for seven consecutive years or more, are to be transferred to IEPF, with one of the depository participants as may be identified by IEPF.

A separate communication in this regard has already been sent to the Shareholders of the Company who have not encashed their dividend warrants, providing them details of the unencashed warrants and requesting them to comply with the procedure for seeking payment of the same.

39. 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.

40. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the bankers, clients, dealers, vendors and members for their support and confidence placed in the Company. Your Directors also wish to place on record their deep sense of appreciation for committed services by the company's executives, staff and workers at all levels for their unstinted efforts as well as their collective contribution to the Company's performance.

The Directors would also like to offer its sincere thanks to the Company's shareholders, bankers, customers, dealers, suppliers and all other business associates for their unstinted support and continued confidence in the Company.

For and on behalf of the Board of Directors

Date : July 24, 2017

Place : Mumbai

Ajay Hans
Managing Director
(DIN: 03068249)

Annexure I

Particulars of Employees

1) DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer (CFO) and Company Secretary (CS) during the financial year 2016-17, ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2016-17 are as under:

Name of Director / KMP and Designation	Remuneration of Director/KMP for FY 2016-17 (₹ In Lakhs)	% increase in Remuneration in 2016-17	Ratio of Remuneration of each Director to MRE for FY 2015-16
Mr. Ajay Hans, Managing Director	125.37	0	33
Mr. Himanshu Mohapatra, CFO	53.70	0	14
Mr. Naresh Shah, Company Secretary	56.74	0	15

- (ii) The Median Remuneration of Employees (MRE) of the Company during the financial year 2016-17 was ₹ 3.775 Lakh and for previous year 2015-16, it was ₹ 3.845 Lakh.
- (iii) The percentage increase in the median remuneration of employees in the financial year is 1.82%.
- (iv) There were 443 permanent employees on the rolls of company as on March 31, 2017.
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was NIL and average percentile increase in the managerial remuneration was NIL.
- (vi) The Company affirms that the remuneration is as per the Nomination and Remuneration policy of the company.

For and on behalf of the Board of Directors

Date : July 24, 2017

Place: Mumbai

Ajay Hans
Managing Director
(DIN: 03068249)

Petron Engineering Construction Limited
NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors of Petron Engineering Construction Limited ("the Company") review the existing "Nomination and Remuneration Policy" at the Meeting held on May 12, 2017. The Committee consists of three (3) Non-Executive Directors.

The following is the Nomination and Remuneration Policy adopted by the Committee.

1. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (LODR) Regulations, 2015. The Key Objectives of the Committee would be:

- a. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b. To formulate the criteria for evaluation of Independent Director and the Board
- c. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- d. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- e. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- f. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- g. To devise a policy on Board diversity
- h. To Implement and monitor policies and processes regarding principles of corporate governance

2. Definitions

- a. **"Act"** means the Companies Act, 2013 and rules framed thereunder, as amended from time to time.
- b. **"Board"** means Board of Directors of the Company.
- c. **"Central Government"** means Registrar of Companies, Regional Director or any other authority under the Ministry of Corporate Affairs.
- d. **"Director(s)"** mean Directors of the Company.
- e. **"Key Managerial Personnel"** means
 - (i) Chief Executive Officer or the Managing Director or the Manager;
 - (ii) Whole-time director;
 - (iii) Chief Financial Officer;
 - (iv) Company Secretary; and
 - (v) any other officer/employee as may be prescribed under the Act or by the Board.
- f. **"Senior Management"** means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors but including Functional Heads.

3. Scope and Duties

a. The Scope of work of Nomination and remuneration Committee will include:

- (i) The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- (ii) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- (iii) To oversee and monitor the Familiarization Programme for Independent Directors.

- b. The Nomination and Remuneration Committee shall, while formulating the policy as above shall ensure that—**
- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

c. Duties of Nomination and Remuneration Committee

- (i) The duties of the Committee in relation to nomination matters include:
 - Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
 - Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
 - Identifying and recommending Directors who are to be put forward for retirement by rotation.
 - Determining the appropriate size, diversity and composition of the Board;
 - Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
 - Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
 - Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
 - Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
 - Delegating any of its powers to one or more of its members or the Secretary of the Committee;
 - Recommend any necessary changes to the Board; and
 - Considering any other matters, as may be requested by the Board.
- (ii) The duties of the Committee in relation to remuneration matters include:
 - to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
 - to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
 - to delegate any of its powers to one or more of its members or the Secretary of the Committee.
 - to consider any other matters as may be requested by the Board.

4. Policy for appointment and removal of Director, KMP and Senior Management

a. Appointment criteria and qualifications

- (i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- (ii) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- (iii) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

b. Term / Tenure

(i) Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

(ii) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

c. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel on yearly basis or at such other interval as the may be decided by the Committee from time to time.

The Performance Evaluation of an Independent Director should be done by the Board of Directors (excluding the directors being evaluated)

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of an independent director.

d. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

e. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- The remuneration and commission to be paid to the Whole-time Director shall be as per the provisions of the Act.
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- The ESOP Policy will be decided by the Committee based on the applicable Acts / Guidelines within the overall Policy decided by the Shareholders at the General Meeting.

6. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel**(i) Fixed pay**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

(ii) Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the prior approval of the Central Government.

(iii) Provisions for excess remuneration

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

7. Remuneration to Non- Executive / Independent Director

Under the SEBI (Listing Obligation Disclosure Requirement) Regulation 2015, requires every company to publish its criteria of making payments to NEDs in its annual report. Alternatively, this may be put up on the company's website and reference may be drawn thereto in its annual report. Section 197 of the Companies Act, 2013 and Regulation 17(6)(a) of SEBI (Listing Obligation Disclosure Requirement) Regulation 2015 require the prior approval of the shareholders of a company for making payment to its NEDs.

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

(i) Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

(ii) Reimbursement of actual expenses incurred

Actual expenses incurred by the Independent Directors for attending the Board and Committee Meetings, including out of pocket expenses are to be reimbursed.

(iii) Commission

The Company shall pay commission subject to the provisions of Section 197 of the Companies Act, 2013, subject to approval by the Board of Directors from time to time.

(iv) Stock Options

The Stock Option entitlement will be subject to Act, Rules and Guidelines then prevailing.

8. Constitution

- (i) The Committee shall consist of a minimum 3 non-executive directors and one-half of them should be independent Directors
- (ii) Membership of the Committee shall be disclosed in the Annual Report
- (iii) Term of the Committee shall be continued unless terminated by the Board of Directors

9. Chairperson

- (i) Chairperson of the Committee shall be an Independent Director
- (ii) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee
- (iii) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson
- (iv) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries

10. Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

11. Committee Members' Interests

- (i) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (ii) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

12. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

13. Voting

- (i) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- (ii) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

14. Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee. The same will be signed by the Chairman within a period of thirty days.

Annexure III

Form No. MR-3

SECRETARIAL AUDIT REPORT for the Financial Year ended 31st March, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Petron Engineering Construction Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Petron Engineering Construction Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

Provisions of the following Act, Regulations and Guidelines were not attracted to the Company under the financial year under report:

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were

sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However, there have been defaults in payment of statutory dues during the year under review.

We further report that during the audit period the Company has received show cause notice from the Office of the Registrar of Companies, Maharashtra, Mumbai (ROC) under Section 134(8) for violation under Section 134(3) (o) read with Section 135(5) of the Companies Act, 2013. The Company has filed application for compounding with the said office on December 1, 2016.

**For Pradeep Purwar & Associates
Company Secretaries**

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

Place : Thane

Date : July 24, 2017

Annexure - IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: - NIL –

- (1) Name(s) of the related party and nature of relationship
- (2) Nature of contracts/arrangements/transactions
- (3) Duration of the contracts / arrangements/transactions
- (4) Salient terms of the contracts or arrangements or transactions including the value, if any
- (5) Justification for entering into such contracts or arrangements or transactions
- (6) Date(s) of approval by the Board (g) Amount paid as advances, if any
- (7) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis

The contract or arrangement or transactions entered with the related parties during the financial year 2016-17 were not material and the same were disclosed in the notes to accounts forming part of the financial statements for the year ended March 31, 2017.

BY ORDER OF THE BOARD

Date : July 24, 2017

Place : Mumbai

Ajay Hans
Managing Director**Ravi Keswani**
Director

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L45202MH1976PLC019135
Registration Date	July 19, 1976
Name of the Company	Petron Engineering Construction Ltd
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered office and contact details	6th Floor, Swastik Chambers, Sion Trombay Road, Chembur, Mumbai 400071 Tel No: 022-40856200 / 40856400 Fax No: 022-40856250 / 67973509 E-Mail: corporate@petronengineering.com Website: www.petronengineering.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Pvt. Ltd. C – 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083 Tel No: 022-49186000 Fax No: 022- 49186060 E-Mail: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
		N.A.	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of Shares Held	Applicable section
1	KSS PETRON PVT. LTD. 1ST FLOOR, VATIKA TOWERS BLOCK - A, SECTOR - 54 GURGAON 122002	U45400MH2007PTC234297	Holding	52.34%	2(87)(II)
2	KAZSTROYSERVICE GLOBAL B.V. STRAWSKYLAAN 805, 1077 XX, AMSTERDAM, THE NETHERLANDS	-	Ultimate Holding	20.13%	2(87)(II)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2016				Shareholding at the end of the year - 2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Bodies Corporate	3945393	0	3945393	52.34	3945393	0	3945393	52.34	0.00
	Sub Total (A)(1)	3945393	0	3945393	52.34	3945393	0	3945393	52.34	0.00
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Bodies Corporate	1517810	0	1517810	20.13	1517810	0	1517810	20.13	0.00
	Sub Total (A)(2)	1517810	0	1517810	20.13	1517810	0	1517810	20.13	0.00
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	5463203	0	5463203	72.47	5463203	0	5463203	72.47	0.00
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	0	2400	2400	0.03	0	2400	2400	0.03	0.00
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Financial Institutions / Banks	100	150	250	0.00	3867	150	4017	0.05	0.05
(g)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	UTI	0	200	200	0.00	0	200	200	0.00	0.00
	Sub Total (B)(1)	100	2750	2850	0.04	3867	2750	6617	0.09	0.05
[2]	Central Government/ State Government(s)/ President of India				0.00					
	Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh.	954852	85644	1040496	13.80	1129523	84694	1214217	16.11	2.30
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	677767	0	677767	8.99	306542	0	306542	4.07	-4.92
(b)	NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Hindu Undivided Family	92671	0	92671	1.23	120077	0	120077	1.59	0.36
	Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
	Non Resident Indians (Non Repat)	16596	2625	19221	0.25	17642	2625	20267	0.27	0.01
	Non Resident Indians (Repat)	26298	0	26298	0.35	26476	0	26476	0.35	0.00
	Clearing Member	10531	0	10531	0.14	99378	0	99378	1.32	1.18
	Bodies Corporate	205363	0	205363	2.72	281623	0	281623	3.74	1.01
	Sub Total (B)(3)	1984078	88269	2072347	27.49	1981261	87319	2068580	27.44	-0.05

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2016				Shareholding at the end of the year - 2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	1984178	91019	2075197	27.53	1985128	90069	2075197	27.53	0.00
	Total (A)+(B)	7447381	91019	7538400	100.00	7448331	90069	7538400	100.00	0.00
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	7447381	91019	7538400	100.00	7448331	90069	7538400	100.00	

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / Encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	KSS PETRON PVT. LTD.	3945393	52.34	NIL	3945393	52.34	NIL	0.00
2	KAZSTROYSERVICE GLOBAL B.V.	1507680	20.00	NIL	1517810	20.13	NIL	0.13
3	KAZSTROYSERVICE HUNGARY KFT	10130	0.13	NIL	NIL	NIL	NIL	(0.13)
	Total	5463203	72.47	NIL	5463203	72.47	NIL	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	KSS PETRON PRIVATE LIMITED	3945393	52.3373			3945393	52.3373
	AT THE END OF THE YEAR					3945393	52.3373
2	KAZSTROYSERVICE HUNGARY KFT	10130	0.1344			10130	0.1344
	Transfer			24 June 2016	10130	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
3	KAZSTROYSERVICE GLOBAL B.V.	1507680	20.0000			1507680	20.0000
	Transfer			24 June 2016	10130	1517810	20.1344
	AT THE END OF THE YEAR					1517810	20.1344

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	MITESH N MEHTA	524000	6.9511			524000	6.9511
	Sale of shares			21 Oct 2016	-124000	400000	5.3062
	Sale of shares			04 Nov 2016	-16000	384000	5.0939
	Sale of shares			11 Nov 2016	-4000	380000	5.0409
	Sale of shares			02 Dec 2016	-34000	346000	4.5898
	Sale of shares			09 Dec 2016	-20000	326000	4.3245
	Sale of shares			16 Dec 2016	-18000	308000	4.0857
	Sale of shares			31 Dec 2016	-15432	292568	3.881
	Sale of shares			06 Jan 2017	-38568	254000	3.3694
	Sale of shares			17 Feb 2017	-8496	245504	3.2567
	Sale of shares			24 Feb 2017	-9500	236004	3.1307
	AT THE END OF THE YEAR					236004	3.1307
2	LKP SECURITIES LIMITED	0	0			0	0
	Purchase of shares			02 Sep 2016	100	100	0.0013
	Sale of shares			23 Sep 2016	-20	80	0.0011
	Purchase of shares			30 Sep 2016	2490	2570	0.0341
	Sale of shares			07 Oct 2016	-2470	100	0.0013
	Purchase of shares			14 Oct 2016	40	140	0.0019
	Purchase of shares			21 Oct 2016	45860	46000	0.6102
	Sale of shares			04 Nov 2016	-39100	6900	0.0915
	Sale of shares			11 Nov 2016	-6800	100	0.0013
	Purchase of shares			02 Dec 2016	5900	6000	0.0796
	Purchase of shares			09 Dec 2016	5705	11705	0.1553
	Sale of shares			16 Dec 2016	-11630	75	0.001
	Sale of shares			23 Dec 2016	-54	21	0.0003
	Purchase of shares			30 Dec 2016	302	323	0.0043
	Purchase of shares			31 Dec 2016	15432	15755	0.209
	Purchase of shares			06 Jan 2017	3270	19025	0.2524
	Sale of shares			20 Jan 2017	-18525	500	0.0066
	Sale of shares			27 Jan 2017	-99	401	0.0053
	Purchase of shares			17 Feb 2017	2531	2932	0.0389
	Sale of shares			24 Feb 2017	-2682	250	0.0033
	Purchase of shares			03 Mar 2017	87	337	0.0045
	Purchase of shares			10 Mar 2017	35863	36200	0.4802
	Purchase of shares			17 Mar 2017	19341	55541	0.7368
	Purchase of shares			24 Mar 2017	18959	74500	0.9883
	Purchase of shares			31 Mar 2017	1700	76200	1.0108
	AT THE END OF THE YEAR					76200	1.0108
3	APARNAA SAREES PRIVATE LIMITED	0	0			0	0
	Purchase of shares			14 Oct 2016	2764	2764	0.0367
	Purchase of shares			21 Oct 2016	236	3000	0.0398
	Purchase of shares			28 Oct 2016	20830	23830	0.3161
	Purchase of shares			04 Nov 2016	7569	31399	0.4165
	Purchase of shares			11 Nov 2016	7170	38569	0.5116
	Purchase of shares			25 Nov 2016	2612	41181	0.5463
	Purchase of shares			02 Dec 2016	1000	42181	0.5595
	Purchase of shares			09 Dec 2016	5000	47181	0.6259
	Purchase of shares			16 Dec 2016	10000	57181	0.7585
	Sale of shares			06 Jan 2017	-7376	49805	0.6607
	Purchase of shares			20 Jan 2017	4897	54702	0.7256
	Sale of shares			17 Mar 2017	-13165	41537	0.551
	Purchase of shares			24 Mar 2017	4538	46075	0.6112
	Purchase of shares			31 Mar 2017	10000	56075	0.7439
	AT THE END OF THE YEAR					56075	0.7439
4	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	59597	0.7906			59597	0.7906
	Sale of shares			21 Oct 2016	-6688	52909	0.7019
	Sale of shares			18 Nov 2016	-1054	51855	0.6879

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
	AT THE END OF THE YEAR					51855	0.6879
5	ANJALEE EXIM PVT LTD	22021	0.2921			22021	0.2921
	AT THE END OF THE YEAR					22021	0.2921
6	NITIN TANDON	21000	0.2786			21000	0.2786
	AT THE END OF THE YEAR					21000	0.2786
7	GJGAMINI INVESTMENTS AND FINANCE PVT LTD	20968	0.2781			20968	0.2781
	AT THE END OF THE YEAR					20968	0.2781
8	H G MURARKA	19950	0.2646			19950	0.2646
	AT THE END OF THE YEAR					19950	0.2646
9	BACHH RAJ NAHAR	9254	0.1228			9254	0.1228
	Sale of shares			10 Mar 2017	-9000	254	0.0034
	Purchase of shares			17 Mar 2017	6164	6418	0.0851
	Purchase of shares			31 Mar 2017	9000	15418	0.2045
	AT THE END OF THE YEAR					15418	0.2045
10	DHAVAL PRADUMAN PATEL	0	0			0	0
	Purchase of shares			28 Oct 2016	2000	2000	0.0265
	Purchase of shares			04 Nov 2016	600	2600	0.0345
	Purchase of shares			11 Nov 2016	1400	4000	0.0531
	Purchase of shares			09 Dec 2016	250	4250	0.0564
	Purchase of shares			16 Dec 2016	250	4500	0.0597
	Purchase of shares			23 Dec 2016	500	5000	0.0663
	Purchase of shares			30 Dec 2016	500	5500	0.073
	Purchase of shares			06 Jan 2017	1000	6500	0.0862
	Purchase of shares			13 Jan 2017	750	7250	0.0962
	Purchase of shares			20 Jan 2017	750	8000	0.1061
	Purchase of shares			17 Feb 2017	4000	12000	0.1592
	Purchase of shares			17 Mar 2017	3100	15100	0.2003
	AT THE END OF THE YEAR					15100	0.2003

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Ajay Hans, Mr. Ravi Keswani, Mr. Sanjay Jain, Ms. Nandita Gupta				
At the beginning of the year	NIL	NIL	NIL	NIL
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
At the End of the year	NIL	NIL	NIL	NIL

For Each of the KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Himanshu Mohapatra, Chief Financial Officer				
At the beginning of the year	NIL	NIL	NIL	NIL
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
At the End of the year	NIL	NIL	NIL	NIL

For Each of the KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Naresh Shah, Company Secretary				
At the beginning of the year	5	0.00	NIL	NIL
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
At the End of the year	5	0.00	NIL	NIL

(V) INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	91,14,36,567	35,75,00,000	-	1,26,89,36,567
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued and due	16,92,018	1,05,64,371	-	1,22,56,389
iv) Interest accrued but not due	1,63,012	-	-	1,63,012
Total (i+ii+iii+iv)	91,32,91,597	36,80,64,371	-	1,28,13,55,968
Change in Indebtedness during the financial year				
Addition	5,04,92,174	25,00,000	-	5,29,92,174
Reduction	(9,56,53,499)	(10,85,90,871)	-	(20,42,44,370)
Interest accrued and due	(16,92,018)	(1,05,64,371)	-	(1,22,56,389)
Interest accrued but not due	(1,63,012)	-	-	(1,63,012)
Net Change	(4,70,16,356)	(11,66,55,242)	-	(16,36,71,597)
Indebtedness at the end of the financial year				
i) Principal Amount	86,62,75,242	25,14,09,129	-	1,11,76,84,371
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued and due	11,50,179	4,08,56,614	-	4,20,06,793
iv) Interest accrued but not due	7,77,596	-	-	7,77,596
Total (i+ii+iii+iv)	86,82,03,017	29,22,65,743	-	1,16,04,68,760

I. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Ajay Hans Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48,00,000	48,00,000
	(b) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	46,24,215	46,24,215
	(c) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4,00,000	4,00,000
2.	Stock Option Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit		
	- others, specify		
5.	Others, One time incentive	27,13,230	27,13,230
	Total (A)	1,25,37,445	1,25,37,445
	Ceiling as per the Act		2,50,00,000

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Sanjay Jain	Sudhir Kr Jain*	Nandita Vijay Gupta	
(1)	Independent Directors				
	• Fee for attending Board Committee meetings	1,30,000	40,000	1,05,000	2,75,000
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	1,30,000	40,000	1,05,000	2,75,000
(2)	Other Non-Executive Directors				
	• Fee for attending Board Committee meetings	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	1,30,000	40,000	1,05,000	2,75,000

* Ceased to be Director w.e.f. February 10, 2017

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
		*Mr. Naresh Shah	Mr. Himanshu Mohapatra	
1.	Gross salary	38,02,208	51,63,453	89,65,661
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others - Retirement Benefit	17,92,859	-	17,92,859
	Total	55,95,067	51,63,453	1,07,58,520

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NONE		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
Punishment					
Compounding					

Annexure VI

Annual Report on the CSR activities

1.	A brief outline of the Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes	The CSR Policy of the Company inter alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013. The CSR Committee is working towards identification of CSR projects, which may be undertaken by the Company. CSR Policy of the Company is available on the website of the Company at www.petroneengineering.com
2.	The composition of the CSR Committee	1. Mr. Sanjay Jain – Chairman 2. Mr. Ajay Hans – Member 3. Ms. Nandita Gupta – Member
3.	Average Net Profit of the Company for last three financial years	₹ 292.64 Lacs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 5.85 Lacs
5.	Details of CSR spent during the financial year:	
a.	Total amount to be spent for the financial year	NIL
b.	Amount unspent, if any	₹ 5.85 Lacs
c.	Manner in which the amount spent during the financial year is detailed below	-

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1.Local area/ others 2.specify the state and District where projects or programmes were undertaken	Amount outlay (budget): Project or Programme wise	Amount spent on the project/ programme Sub-heads: 1.Direct expenditure on projects or programmes 2.Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
NIL							

6. In case, the Company has failed to spend the two percent of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount in it's Board report:

The Company has formulated its CSR policy in accordance with the directions specified in the Companies Act, 2013 read with Rules thereto. The Company is passing through a very bad financial crisis since more than last five years. The Company is having huge amount of outstanding receivables which has not been written off in the Books of Accounts. Due to huge amount of outstanding receivables, the cash flow of the Company is stressed. The assets are stressed. The receivables are mounting up. Considering this neither CSR Budget is made nor CSR activities were undertaken and no CSR Expenditures have been incurred in F.Y. 2016-17.

7. A Responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy is, in compliance with the CSR objectives and Policy of the Company.

The monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Date: July 24, 2017

Place: Mumbai

Ajay Hans
Managing Director
DIN: 03068249

Sanjay Jain
Chairman - CSR Committee
DIN: 00152758

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE & DEVELOPMENTS

Indian economy showed early signs of growth post various initiatives and reform measures undertaken by the Central Government. The Company believes that public and private investment spending to drive the capex growth will be critical to India's growth outlook. The Government has taken measures to boost spending by increasing the capex allocation towards infrastructure projects by reforms in the budget. The Government is also taking various initiatives to unlock stuck investments in the core and infrastructure projects, revive investments from the private sector by reforming policy, improving the ease of doing business and accelerating the project related activities. Post the regime change in India's federal Government, there have been firm signals of development agenda and pushing of reforms required to revitalize the economy.

The Government has taken measures to revive the economy by modifying FDI policies for various industries, pushing hard for infrastructure spending and towards creating smart cities. Reforms to create flexibility in labour markets, safety net for the unorganized sector and passing of GST to create a common market will go a long way to take the growth momentum to a different level. The power sector in India continue to be victimized by structural issues like fuel shortages, poor financial health of State run power distribution companies and numerous regulatory issues. The demands for power in India continue to grow with increasing industrialization and faster urbanisation.

We have been seeing a significant impact of "Make in India" initiative by the Government of India. This should boost the manufacturing activity and fast industrialization. This will also create demand for construction activities particularly in Cement and Power Sectors.

The Govt. of India has come out with a Comprehensive Reform Program for the Power Sector called "Ujwal Discom Assurance Yojna" (UDAY), envisaging financial and operational turn-around of Electrical Distribution Companies.

This scheme is beneficial because it provides for affordable power to all, financial turn-around to Power Distribution Companies and increases the Renewable Energy penetration.

With the concept of "Make in India" and scheme of UDAY, the demand for power is expected to rise year on year basis. We are expecting more Power Plants as well as Renewable Energy Projects coming up in the near future.

Further, Thermal Power Plants which are stalled for non-availability of coal- linkage are also expected to get the coal linkage from the Government of India under the Coal Allocation Policy and therefore your Company will have immense opportunity in the Power Sector.

The construction of Roads has been accelerated and this has paved huge demand for Cement and Steel and therefore your Company is expecting good amount of jobs in construction of cement plants in the near future.

Over a period of time, your Company has developed the capabilities of executing vertical construction contracts covering below mentioned comprehensive scope across all sectors, which will be preferred mode of execution of future contracts and multiple project execution simultaneously.

Composite Construction Solutions are as follows:

- Civil & Structural Works
- Plate & Ducting Works
- Equipment Erection Works
- High Pressure and Low Pressure Plant Piping Works
- Offsite Fabrication Works
- Electrical & Instrumentation Works
- Refractory & Insulation Works

2. OPERATIONS DIVISION WISE

ENGINEERING & CONSTRUCTION

During the year following contract was successfully completed:

- Erection, Testing, Commissioning, Performance and Guarantee Tests for Boiler and Auxiliaries Packages for Power Project (2x 660MW) Unit I & Unit II and critical piping work of NCC Limited at Nellore, Andhra Pradesh
- Erection, testing, Commissioning, trial operations and handing over 2 x 600 MW Boilers for Damodar Valley Corporation Power Project as Sub-contractors to Utility Energy tech and Engineers Private Limited, Raghunathpur, West Bengal
- Composite works for Gas Processing Unit(GPU) and Gas Cracker Unit (GCU) for Petrochemical Complex –II of GAIL (India) Limited at Pata, Uttar Pradesh

- Civil Construction work at Nagpur Cement Works for UltraTech Cement Limited, Village Tarsa, Tehsil - Mauda, Dist. Nagpur, Maharashtra
- Mechanical works of LLDPE plant and other allied works in J-3 Project at Reliance Industries Ltd, Jamnagar, Gujarat

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

- Erection of Boiler Island, Boiler BOP for SEPCO Electric Power Construction Corporation in 3 x 600MW Power Plant at Nariyara, Champa, Chhattisgarh
- Heater Package for VGO-HDT Unit, FCCU Unit, composite work for FCCU Unit and Civil, Structural & Underground piping works of Offsite New Area for Integrated Refinery Expansion Project (IREP) of Bharat Petroleum Corporation Ltd., Kochi Refinery, Kerala
- Civil construction work of Packing Plant Extension and Fly Ash Uploading system with Handling Conveyor Belt at Bangur Cement, Aurangabad of M/s. Shree Cement Limited, Rajasthan
- Capacity up gradation work of Line – I Cement Plant and Captive Power Plant of Ramco Cements Limited at Jayanthipuram – Civil and Mechanical works in Tamilnadu
- Civil and Structural work for JSW Cement Ltd. 2x1.2 MTPA Clinker and Slag Grinding Unit of JSW Cements Limited at Salboni, Paschim Medinipur, West Bengal
- Installation of Balance Mechanical, electrical and instrumentation works in the Boiler # 1 & #2 at M/s. Meenakshi Energy Pvt. Ltd., 2x350MW Power Plant, Thamminapatnam, Nellore District, Andhra Pradesh

The Work on the following recently awarded projects have commenced:

- Providing Goods Lift on hire basis including Operation and Maintenance of Goods Lift 24 x 7 basis at EMC Project Mundra for Mundra Solar PV Ltd., Village Tunda-Vandh, Taluka Mundra, Kutch, Gujarat for M/s. Adani Mundra Solar PV Limited, Ahmedabad
- Civil work of Plant Building & Silos i.e. Stacker & Reclaimer, Crusher, VRM-II and Miscellaneous Work at Karnataka Cement Project For M/s. Shree Cements Limited, Rajasthan
- Civil work of Plant Building & Silos Miscellaneous Work for Odisha Grinding Project at Village: Chandrabali, Shyampur Distt, Cuttack, Odisha for M/s. Shree Cements Limited, Rajasthan
- Carrying out Civil & Structural, “Fabrication & erection of S S Piping (inside plant area) and Erection of Equipments” Electrical and instrumentation works on Cost Plus basis. Pertaining to LNG Re-gasification Project of M/s IOLPL at Ennore Port, Chennai for M/s. KSS Petron Pvt. Ltd., Gurgaon
- Overhauling of EOT crane, Plant-II, VL, Jharsuguda for M/s. Vedanta Limited (Sez Unit) Odhisha

ELECTRICAL & INSTRUMENTATION

During the year following contract has been completed:

- Electrical works for INDMAX (FCC) and PRU of Paradip Refinery Project, for Indian Oil Corporation Limited, Paradip, Odisha
- Design, Engineering, Procurement, Manufacture, Supply, Inspection & Transportation, Insurance, Erection, Testing and commissioning of Electrical Installation work (Group 2&3 i.e. Boiler & Mill Areas and Common areas respectively) package for Prayagraj Thermal Power Project (3 x 660 MW) at Tehsil - Bara, Allahabad, Uttar Pradesh

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

- Contract for Supply of Electrical Equipment, Installation, Testing, Commissioning and conducting Guarantee Tests for Super Thermal Power Project, Stage IV (2x500) MW of National Thermal Power Corporation Limited, Vindhyachal, Madhya Pradesh
- Contract for Supply of Electrical Equipment, Installation, Testing, Commissioning and conducting Guarantee tests for Super Thermal Power Project, Stage III (2x500 MW) of National Thermal Power Corporation Limited, Rihand, Uttar Pradesh
- Supply and erection Contract for Inland transportation, Insurance, Installation, testing, commissioning and conducting Guarantee tests under Electrical equipment supply & erection Package for Vindhyachal Super Thermal Power Project, Stage V (1 x 500MW) for National Thermal Power Corporation Limited
- Supply and erection Contract for Inland transportation, Insurance, Installation, testing & commissioning of “Electrical equipment supply & erection Package” for Kudgi STPP, stage I (3x800 MW) for National Thermal Power Corporation Limited
- Electrical Works at ASU & Utility area, LDPE area, LLDPE area & Instrumentation Works at ASU & Utility area, C2 Complex, J3 Project of RIL, Jamnagar

ROCKWOOL INSULATION & REFRACTORY

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

- VGO, AVU, NHT / CCR Heaters & Insulation work for Indian Oil Corporation Ltd, Paradeep, Odisha
- Insulation for Composite Works - GCU & GPU for GAIL (India) Ltd, Pata, Uttar Pradesh
- Insulation jobs (ARC) at Essar Oil Ltd, Jamnagar, Gujarat

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

- Insulation & refractory work for VGO, HDT & FCCU heater, Bharat Petroleum Corporation Limited, Kochi, Kerala
- Insulation work in Essar in Jamnagar and project is expected to be completed in September, 2016

PETROFAB DIVISION

- No work carried out at Petrofab works during 2016-17

3. ACHIEVEMENTS

Your Company has successfully completed safe man-hours at Bharat Petroleum Corporation Ltd. (BPCL), Kochi, Kerala; JSW Cement, Salboni, West Bengal; The Ramco Cements Ltd., Jayanthipuram; Ultratech Ltd., UTCL Nagpur site, Technip (JBF).

Your Company has also received Best Safety Performance-2016 Trophy from National Thermal Power Corporation Limited, Kudgi, Karnataka; Certificate of Excellence (first prize) from Bharat Petroleum Corporation Ltd. (BPCL), Kochi, Kerala; Certificate of Excellence and other awards from The Ramco Cements Ltd., Jayanthipuram.

Your Company has also received "Certificate of Merit" from Nation Safety Council of India-Maharashtra chapter for achieving "ZERO Accident Frequency Rate" in the contest year-2015 for our UTCL Project, Nagpur.

4. OUTLOOK

The year 2016-17 has been challenging year. However, PECL booked orders aggregating to ₹ 136 Crores and the accumulated backlog is approximately amounted to ₹ 724 Crores.

With the expansion of various refineries and fertiliser plant, we have started getting new enquiries from our clients and expect to get new purchase orders for Carrying out Electro mechanical construction work.

The Major Orders received are as follows:

Sr. No.	Client	Description	Order Value (₹ In lacs)
1.	M/s. Cethar Limited, 4, Dindgul Road, Tiruchirapalli 620 001 Tamil Nadu	Installation/erection of the Balance Mechanical, Electrical and Instrumentation works for Boiler #1 - 2 x350MW Power Plant at M/s. Meenakshi Energy Pvt. Ltd., Nellore, Andhra Pradesh	2,737.00
2	M/s. Shree Cement Limited Bangur Nagar, Post Box No. 33, Beawar 305 901 Rajasthan	Civil work of Plant Building & Silos i.e. Stacker & Reclaimer, Crusher, VRM-II and Miscellaneous Work at Karnataka Cement Project.	5,000.00
3	M/s. Shree Cement Limited Bangur Nagar, Post Box No. 33, Beawar 305 901, Rajasthan	Civil work of Plant Building & Silos Miscellaneous Work for Odisha Grinding Project at Village: Chandrabali, Shyampur Dist, Cuttack, Odisha	3,290.00
4	M/s. KSS Petron Pvt. Ltd., Gurgaon	Carrying out Civil & Structural, "Fabrication & erection of S S Piping (inside plant area) and Erection of Equipments" Electrical and instrumentation works on Cost Plus basis. Pertaining to LNG Re-gasification Project of M/s IOLPL at Ennore Port, Chennai Tamilnadu.	2,584.27

FY 2017-18, will bring prospects for sectors like Refinery, Petrochemical, Power, Cement and Fertilizer etc.

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. The Government of India is taking every possible initiative to boost the infrastructure sector. Therefore, your Company is foreseeing tremendous opportunity in the Cement sector.

The Indian power sector is undergoing a significant change that has redefined the Industry outlook. Sustained economic growth and "Make in India" initiative will continue to drive power demand in India. The Government of India's focus to attain 'Power For All' has accelerated capacity addition in the country. Therefore, the Power Sector is expected to throw ample opportunities to your Company which would be the key growth driver.

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

5. OPPORTUNITIES

The Government of India has launched a major National Program "Make In India", which is been designed to facilitate investment, foster innovation, enhance skill development, build in best in class manufacturing in the country as well as protect intellectual property. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector.

The "Make in India" program is very important for the economic growth of India as it aims at utilizing the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. "Make in India" program will be focusing on 25 sectors. These include: construction of roads highways, ports, railways, thermal power and, renewable energy.

This would give a boost to the Construction Industry as there would be major Cement Projects coming up giving an opportunity to your Company in Power & Cement sector.

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

Cement

India has a lot of potential for development in the Infrastructure and Construction sector and the cement sector is expected to largely benefit from it. Cement Industry in India provides direct / indirect employment to a million people making it a vital part of Indian Economy. The industry is currently in a turnaround phase, trying to achieve global standards in production, safety, and energy-efficiency. On the back of growing demands, due to increased construction and infrastructural activities, the cement sector in India will lead to huge investments.

Major Companies are implementing expansion by awarding Turnkey/Composite construction contracts and therefore, your Company is taking necessary steps to participate in such contracts. Your Company is focused to achieve considerable volume in this sector. With Cement Company's trend of adding Grinding Units at various different locations, Petron is constantly focusing on the same.

Oil & Gas, Refineries, Petrochemicals

With the various expansion of Existing refineries and work on new refineries & petrochemical plants it is expected that your Company will look out for business opportunities in various refineries and petrochemical plants in the near future.

Already your company has received some new enquiries which are expected to be firmed up with in next couple of months.

Power

Power or Electricity is one of the most critical components of Infrastructure affecting economic growth and well-being of nations. The Indian power sector is one of the most diversified in the world. The demand for electricity in the country has been growing at a rapid rate. In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required.

The Indian power sector is undergoing a significant change that is redefining the industry outlook. The concept of "Make in India" and the Government's focus to attain 'Power For All' has accelerated capacity addition in the country.

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. Your Company is looking forward opportunities to get new orders in this sector.

Fertilizer

Agriculture plays a vital role in India's economy. Due to which 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 Steel Industry reflects the overall economic growth of an economy in the long term as demand for steel is derived from other sectors like automobiles, consumer durables and infrastructure.

The Indian Steel Industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernization and up-gradation of older plants and higher energy efficiency levels.

India is expected to become the world's second largest producer of crude steel.

6. THREATS

As the Government of India is poised to bring in reforms, it will bring threats alongwith opportunities. Stiff competition from Companies in the field of hydro-carbon, Steel, cement and power sectors is expected as the economy is opening up for foreign direct investments.

REPORT ON CORPORATE GOVERNANCE

In terms of Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter also referred to as “SEBI (LODR) Regulations, 2015”), this Report alongwith the chapter on Management Discussion and Analysis reports on Company’s (Petron Engineering Construction Limited, herein after also referred to as “the Company”) is a compliance on Corporate Governance provisions applicable to listed companies in India.

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 stakeholders. 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.

1. COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE

In rapidly changing business and technological environment, the Company regularly reviews its strategic directions, operational efficiency and effectiveness, reliable reporting and compliances so as to meet various stakeholders’ expectations and long term sustainability. The Company’s philosophy on Corporate Governance revolves around principles of ethical governance and is aimed at conducting business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders. This objective is achieved by adoption corporate practices based on principles of transparency, accountability, fairness and integrity to create long term sustainable value for all its stakeholders in a balanced and accountable manner.

Your Company is in compliance with the requirement of Corporate Governance stipulated in the SEBI (LODR) Regulations, 2015.

2. BOARD OF DIRECTORS

The Corporate Governance begins at the top of its Governance structure, its Board of Directors, which comprises of eminent experts who are committed to the key underlying principles and values that constitute the best standards of corporate governance.

a) Composition of Board

The total strength of the Board of Directors is 4 (four) as on March 31, 2017. Of the total 4 (four) Directors, 1 (One) Executive Director, 1 (One) Non-Executive Promoter Director and 2 (two) are Non-Executive Independent Directors including 1 (one) Woman Director. No Director is related to any other Director on the Board.

- Mr. Ajay Hans - Managing Director
- Mr. Ravi Keswani - Non-Executive Promoter Director
- Mr. Sanjay Jain - Independent Non-Executive Director
- Ms. Nandita Vijay Gupta - Independent Non-Executive Director

b) 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 24 years of work experience in Business Development, Tendering & Estimation, Contracts Management, Project Management and Execution, Finance Management, Procurement & Materials Management of Engg, Procurement & Construction (EPC) Projects on various National & International Projects.

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

He has also worked with Petron Civil Engineering Pvt. Ltd., India as its Joint 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.

Mr. Ajay Hans is not a Director in any other Company.

Mr. Ravi Keswani

Mr. Ravi Keswani is a qualified Chartered Accountant as well as a Law Graduate. He is having an overall experience of 30 years working with large Corporates in Finance & Treasury, Accounts, Taxation, Commercial, Project Costing & Budgeting Control, Corporate Strategy, Merger & 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.

Mr. Ravi Keswani is not a Director in any other Company.

Mr. Sanjay Jain

Mr. Sanjay Jain has done his Bachelor of Engineering (Metallurgy) from Regional Engineering College, Trichy, Tamilnadu. He has got over 27 years of experience in the field of Welding Mechanism. He also has vast experience in Sectors of Oil & Gas, Water Pipe Line, Power, Cement, Sugar, Automobile, Refineries, Chemical & Petro-Chemical & Heavy Fabrication Units etc. He is a Non-Executive Independent Director of Hilton Metal Forging Limited. He is the Proprietor of Globe Sales Agency dealing in all kinds of Welding Consumables. He is also Authorized Distributor of leading National & International Companies. He is a member of Welding Dealers and Manufacturers Association, New Delhi.

Mr. Sanjay Jain is also a Director in Hilton Metal Forging Limited.

Mrs. Nandita Vijay Gupta

Mrs. Nandita Vijay Gupta has been appointed as the Non-Executive Independent – Woman Director on the Board with effect from Wednesday, the May 13, 2015.

She has done her Masters in Electronics from Lucknow University.

c) Details of Directors and their Directorships, Committee Membership and Chairmanship as on March 31, 2017

Name of Director	Date of Appointment	Category Designation	No. of other Directorships	Number of other Board Committees	
				Member	Chairman
Mr. Ajay Hans	October 5, 2012	Managing Director	1	None	None
Mr. Ravi Keswani	March 20, 2010	Promoter Non-Executive Director	Nil	None	None
Mr. Sanjay Jain	May 17, 2013	Independent Non-Executive Director	1	2	None
Mrs. Nandita Vijay Gupta	May 13, 2015	Independent Non-Executive Director	Nil	None	None

d) Details of Board Meeting held during April 1, 2016 to March 31, 2017

Sr. No.	Dates
1	May 30, 2016
2	August 10, 2016
3	November 14, 2016
4	February 14, 2017

e) Attendance of each Director at Board Meetings and at last Annual General Meeting

The attendance of the Directors were as follows:

NAME OF DIRECTOR	No. of Board Meeting held during Tenure of Director ship	No. of Board Meeting attended	Attendance at last AGM held on September 23, 2016
Mr. Ajay Hans	4	4	Present
Mr. Ravi Keswani	4	2	Absent
Mr. Sanjay Jain	4	4	Present
Mr. Sudhir Kumar Jain *	3	1	Present
Mrs. Nandita Vijay Gupta	4	4	Present

* Ceased to be Director w.e.f. February 10, 2017

f) Number of shares held by Directors as on March 31, 2017 : NIL

g) Information provided to the Board

Necessary information / documents 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.

h) Familiarization Program for Independent Directors

Independent Directors, on their appointment, are issued a Letter of Appointment setting out in details the terms of appointment, duties, responsibilities and expected time commitments. Necessary arrangements are made to organize the interactive sessions with the member of Senior Management of the Company. In this respect, the Company has disclosed the policy on the website of the Company at www.petroneengineering.com and the web link thereto is <http://www.petroneengineering.com/policies/independent-directors-familiarization-program>.

3. AUDIT COMMITTEE**a) Composition**

The Audit Committee comprised of following members as on March 31, 2017:

Name of Director	Designation	Date of Appointment
Mr. Sanjay Jain	Chairman	May 17, 2013
Mr. Ravi Keswani	Member	April 27, 2010
Mrs. Nandita Vijay Gupta	Member	August 31, 2015

b) Details of Audit Committee Meeting held during April 1, 2016 to March 31, 2017

Sr. No.	Dates
1	May 30, 2016
2	August 10, 2016
3	November 14, 2016
4	February 14, 2017

c) Attendance of member at Meetings

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. Ravi Keswani	4	2
Mr. Sanjay Jain	4	4
Mr. Sudhir Kumar Jain *	3	1
Mrs. Nandita Vijay Gupta	4	4

* Ceased to be Director w.e.f. February 10, 2017

d) Terms of Reference

1. Overseeing the Company's financial reporting process and disclosure of the financial information, to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment of any other services.
3. Reviewing with management the quarterly and annual financial statements before submission to the Board, focusing primarily on;
 - a) Any changes in accounting policies and practices
 - b) Major accounting entries based on exercise of judgment by management
 - c) Qualifications in draft audit report
 - d) Significant adjustments arising out of audit
 - e) The going concern assumption
 - f) Compliance with accounting standards
 - g) Compliance with stock exchanges and legal requirements concerning financial statement
 - h) Any related party transactions
4. Reviewing with the management, external and internal auditors the adequacy of internal control systems.
5. 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.

6. Discussion with internal auditors and any significant findings and follow up thereon.
7. 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.
8. 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.
9. Reviewing the Company's financial and risk management policies.
10. 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.

4. NOMINATION AND REMUNERATION COMMITTEE

a) Composition

The Nomination and Remuneration Committee comprised of following members:

Name of Director	Designation	Date of Appointment
Mr. Sanjay Jain	Chairman	October 4, 2013
Mr. Ravi Keswani	Member	October 4, 2013
Mrs. Nandita Vijay Gupta	Member	February 14, 2017

b) Details of Nomination and Remuneration Committee Meeting held during April 1, 2016 to March 31, 2017

Sr. No.	Dates
1	May 30, 2016

c) Attendance of members at meeting

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

Name of Member	Nomination and Remuneration Committee Meeting held during Tenure of Members	No. of Meetings Attended
Mr. Ravi Keswani	1	1
Mr. Sanjay Jain	1	1
Mr. Sudhir Kumar Jain *	1	1
Mrs. Nandita Vijay Gupta	-	-

* Ceased to be Director w.e.f. February 10, 2017

d) Terms of Reference

- 1) Identify the persons who are qualified to become Directors and Executives who may be appointed in Sr. Management level in accordance with the criteria laid down.
- 2) Recommend to the Board the appointment of Directors and removal of Directors.
- 3) Carry out evaluation of every Director's performance.
- 4) Formulating the policy to ensure that:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to Directors, Key Managerial Personnel and Senior Management etc. involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

e) Nomination and Remuneration Policy

The Board of Directors of the Company in its meeting held on May 12, 2017 has reviewed, revised and adopted fresh Nomination and Remuneration Policy including the criteria for appointment and remuneration to the Directors and Senior Management. The Policy is also updated on the website of the Company at www.petroneengineering.com.

5. REMUNERATION OF DIRECTORS

a) Details of Remuneration of all Executive Directors

Name of Executive Director	Salary	Commission / Incentive	Perquisites and other benefits	Retirement benefits	Total
	(₹)	(₹)	(₹)	(₹)	(₹)
Mr. Ajay Hans (Managing / Whole-time Directors)	48,00,000	27,13,230	50,24,215	5,76,000	1,31,13,445

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

b) Sitting Fees and Commission to Non-Executive Directors

Name of Non Executive Director	Board Meeting	Audit Committee	Stake-holders Relationship Committee	Nomination & Remuneration Committee	Commission	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Mr. Sanjay Jain	60,000	40,000	20,000	10,000	NIL	1,30,000
Mr. Sudhir Kumar Jain *	15,000	10,000	5,000	10,000	NIL	40,000
Mrs. Nandita Vijay Gupta	60,000	40,000	5,000	NIL	NIL	1,05,000
TOTAL	1,35,000	90,000	30,000	20,000	NIL	2,75,000

* Ceased to be Director w.e.f. February 10, 2017

No Commission to the Non- Executive Directors has been provided for the Financial Year 2016-17.

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company was having Shareholders' Grievance Redressal Committee which has been renamed as "Stakeholders' Relationship Committee".

- Mr. Naresh Shah, Sr. Vice President (Legal) & Company Secretary was a Compliance Officer as on March 31, 2017.
- Composition of the Stakeholders Relationship Committee

The Stakeholders Relationship Committee is comprised of following Members:

Name of Director	Designation	Date of Appointment
Mr. Sanjay Jain	Chairman	May 17, 2013
Mr. Ajay Hans	Member	October 4, 2013
Mr. Sudhir Kumar Jain*	Member	October 4, 2013
Ms. Nandita Vijay Gupta	Member	November 14, 2016

* Ceased to be Director w.e.f. February 10, 2017

c) Meetings of the Stakeholders Relationship Committee

The Committee met 4 times during the Financial Year 2016-17 on May 30, 2016; August 10, 2016; November 14, 2016 and February 14, 2017.

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

Name of Member	Stakeholders Relationship Committee Meeting held during Tenure of Members	No. of Meeting Attended
Mr. Ajay Hans	4	4
Mr. Sanjay Jain	4	4
Mr. Sudhir Kumar Jain*	3	1
Ms. Nandita Vijay Gupta	1	1

* Ceased to be Director w.e.f. February 10, 2017

d) Terms of Reference

- To look into the redressing of Shareholders / Investors / Stakeholders complaints like:
 - Transfer of Shares
 - Non-receipt of Balance Sheet
 - Non-receipt of declared dividend
 - Issue of Duplicate Share Certificates, etc.
- To look into the redressing and resolving the Shareholders / Investors / Stakeholders complaints.

- e) No complaint was received from investor during the year.
- f) All requests for dematerialization were duly approved and dealt with by the Company.
- g) No request for transfer and for dematerialization was pending for approval as on March 31, 2017.

7. GENERAL MEETINGS

A) Details on Annual General Meeting

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

Sr. No. of Meeting	Year	Location / Venue	Date	Time
38th	2013-14	"OASIS", Opp. Tata Institute of Social Science, Deonar, Mumbai – 400 088	August 27, 2014	3.30 p.m.
39th	2014-15	"OASIS", Opp. Tata Institute of Social Science, Deonar, Mumbai – 400 088	September 25, 2015	3.30 p.m.
40th	2015-16	The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai – 400 074	September 23, 2016	4:00 p.m.

Following were the special resolutions passed in the previous 3 Annual General Meetings:

2013-14 – One

2014-15 – Two

2015-16 – Three

August 27, 2014

1. Special resolution passed under section 196, 197 and 203 of the Companies Act, 2013 and Schedule V of the said Act, to approve the amendment in payment of remuneration to Mr. Ajay Hans, Managing Directors of the Company, by the members.

September 25, 2015

1. Special resolution passed under Section 14 of the Companies act 2013 ready with Companies (Incorporation) Rules, 2014, to approve the draft regulations contained in Articles of Association in substitution and to the entire exclusion of the regulation contained in the existing Article of Association of the Company, by the members.
2. Special resolution passed under Section 196, 197 and 203 of the Companies Act, 2013 and Schedule V of the said Act, to approve re-appointment of Mr. Ajay Hans as Managing Director for the Company for the further period of 3 years on the same terms and conditions, including remuneration, by the members.

September 23, 2016

1. Special resolution passed under section 196, 197 and 203 of the Companies Act, 2013 and Schedule V of the said Act, to approve the amendment in payment of remuneration to Mr. Ajay Hans, Managing Directors of the Company, by the members.
2. Special resolution passed under section 94 of the Companies Act, 2013, to maintain Register of Members, Index of Members, Register of renewed and duplicate share certificates, copies of Annual Return, together with the copies of certificates and documents, required to be annexed thereto and other related books or any one or more of them at the office of the Company's Registrar and Transfer Agent, by the members.
3. Special resolution passed under Section 14 of the Companies act 2013 ready with Companies (Incorporation) Rules, 2014, to approve amendment to the Articles of Association of the Company granting employee stock option, by the members.

B) Extra-Ordinary General Meeting

During the year 2016-17 Company did not convene any Extra-Ordinary General Meeting of Shareholders of the Company.

C) Vote by Postal Ballot

No special resolution was passed through postal ballot during the Financial Year 2016-17 by the Company.

8. MEANS OF COMMUNICATION

Financial Results

The Quarterly Un-Audited (Provisional) Results and the Annual Audited Financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board and are also published in one vernacular newspaper viz. "Loksatta" and one English newspaper viz. "The Financial Express". Also, they are uploaded on the Company's website www.petroneengineering.com. The results are published in accordance with the guidelines of the Stock Exchange.

Whether it also displays official news releases and presentations made to institutional investors/analysts : Yes. It displays official news and presentations on the day they are made / released.

Whether Management Discussion & Analysis is a part of Annual Report : Yes

Whether Shareholder Information section forms part of the Annual Report : Yes

9. GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting

Day and Date	Thursday, September 28, 2017
Time	3:30 p.m.
Venue	The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai – 400 074

- b) Financial Year : 2016-17
- c) Book Closure date : Friday, September 22, 2017 to Thursday, September 28, 2017 (both days inclusive)
- d) Listing on Stock Exchanges : Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Ltd.
- e) Custodian Fees to Depositories : The Company has paid Custodian Fees for the year 2017-18 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them.
- f) Stock Code : Equity - BSE - 530381
NSE - PETRONENGG
- g) ISIN No. : Equity - INE742A01019
- h) Market Price Data and Stock Performance : As per "Annexure-A"
- i) Registrar and Transfer Agents : M/s. Link Intime India Private Limited
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai – 400083
Tel No.: 022-49186000 | Fax No.: 022-49186060
E-Mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in
- 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 transfer of shares/ debentures to the Managing Director and Company Secretary.

The Board / Stakeholders Relationship Committee approves the request for issue of duplicate Share Certificates etc. and with the assistance of the Company Secretary and Compliance Officer, redresses the complaints of the shareholders expeditiously.

During the year no complaint was received from the shareholder.

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

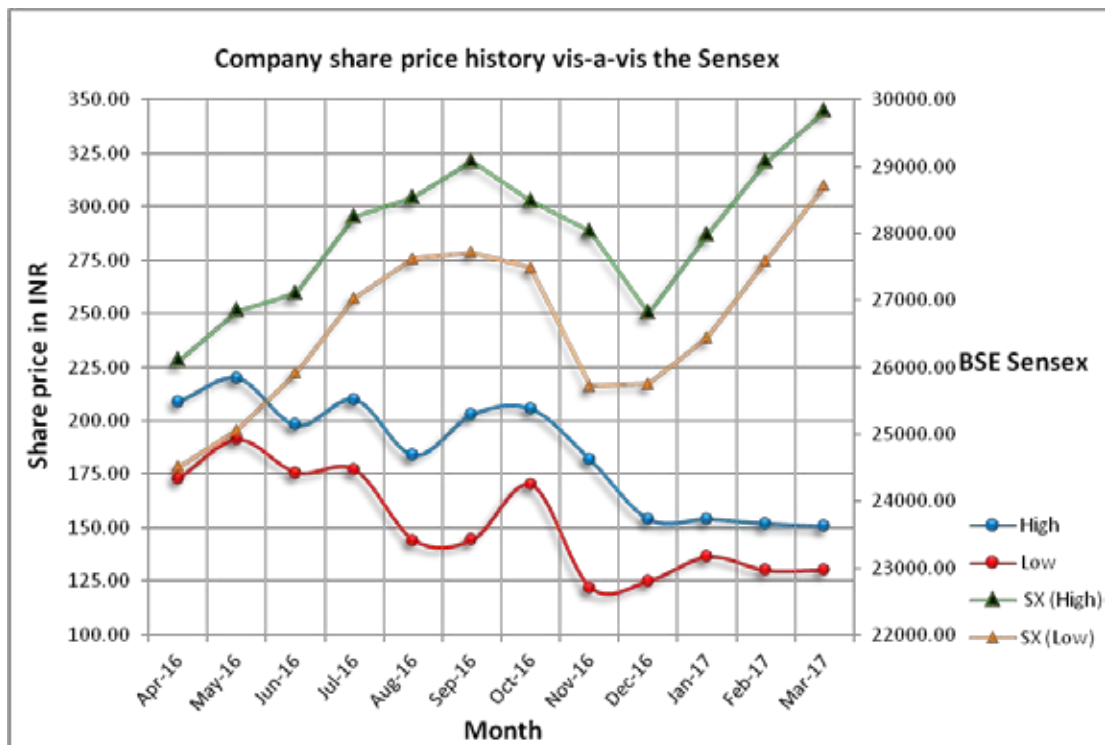
Requests for dematerialization received from the shareholders are effected within an average period of 15 days.

- k) Distribution of Shareholding : As per “Annexure-B”
- l) Dematerialization of Shares : 7448331 Equity Shares which constitutes 98.81% of the paid- up capital as on March 31, 2017 have been dematerialized.
- m) Outstanding GDR/ADR/Warrants Or any convertible Instruments Conversion Date and impact on Equity : Not Applicable
- n) Divisions & 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 391 440, Gujarat
- o) Address for Correspondence : Registered Office:
The Company Secretary
Petron Engineering Construction Limited
Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400 071
Tel. : 022 40856200/40856400 | Fax: 67973509/40856250
E-Mail: corporate@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).

Annexure-A

Stock Exchange Market Price data for the year 2016-2017

MONTH	SENSEX / NIFTY							
	BSE		BSE SENSEX		NSE		NSE (INDEX)	
	PECL		(SX)		PECL			
	High	Low	SX (High)	SX (Low)	High	Low	High	Low
Apr-16	208.90	173.00	26100.54	24523.20	209.95	169.80	7992.00	7516.85
May-16	220.00	191.15	26837.20	25057.93	226.40	191.05	8213.60	7678.35
Jun-16	198.00	175.70	27105.41	25911.33	199.90	173.40	8308.15	7927.05
Jul-16	210.00	177.00	28240.20	27034.14	224.95	173.00	8674.70	8287.55
Aug-16	183.95	144.10	28532.25	27627.97	183.55	145.20	8819.20	8518.15
Sep-16	203.15	144.50	29077.28	27716.78	203.90	145.00	8968.70	8555.20
Oct-16	205.60	170.00	28477.65	27488.30	207.00	171.20	8806.95	8541.35
Nov-16	181.85	122.00	28029.80	25717.93	183.50	121.30	8669.60	7916.40
Dec-16	154.00	125.10	26803.76	25753.74	154.95	125.10	8274.95	7893.80
Jan-17	154.05	136.40	27980.39	26447.06	152.60	135.00	8672.70	8133.80
Feb-17	152.00	130.00	29065.31	27590.10	151.70	126.75	8982.15	8537.50
Mar-17	150.70	130.20	29824.62	28716.21	152.00	131.00	9218.40	8860.10



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

Annexure-B

Distribution of Shareholders as on March 31, 2017

Number of Shares		Shareholders		Shareholding	
(1)	(2)	Number	% to total	Number	% to total
Upto	500	5619	90.91	614030	8.14
501	1000	300	4.85	240373	3.19
1001	2000	129	2.09	187438	2.49
2001	3000	57	0.92	146258	1.94
3001	4000	21	0.34	77354	1.03
4001	5000	17	0.27	79312	1.05
5001	10000	21	0.34	144621	1.92
10001	above	17	0.28	6049014	80.24
Total		6181	100.00	7538400	100.00

Categories of Shareholders as on March 31, 2017

Category of Shareholders	No. of Shares Held	% of Shareholding
Promoters' Shareholding	5463203	72.472
Mutual Funds	2400	0.032
Financial Institutions	584	0.008
Banks	3433	0.045
Bodies Corporate	281623	3.736
NRIs / OCBs	46743	0.620
Unit Trust Of India	200	0.003
Hindu Undivided Family	120077	1.593
Public	1520759	20.173
Clearing Members	99378	1.318
Total	7538400	100.00

10. OTHER DISCLOSURES**a) Related Party Transactions**

The Company has formulated a Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions, in accordance with relevant provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The policy has been disclosed on the website of the Company at www.petroneengineering.com. Web link for the same is <http://www.petroneengineering.com/policies/related-party-transaction-policy>.

During the Financial Year 2016-17, there were no material transactions with related party which requires separate disclosure.

b) Details of non-compliance by the Company

The Stock exchanges has imposed penalties on the Company for the following non-compliances during the last three years:

1. 33 LODR Regulation – Non-compliance for the quarter ended June 30, 2015
2. 41 Listing Agreement – Non-compliance for the quarter ended March 31, 2015
3. 49 II A of Listing Agreement – Non-appointment of woman director on the board of the Company

c) 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.

d) Whistle-Blower Policy / Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and in line with the best international governance practices. The Company has established this policy to provide opportunity to employees to access in good faith, to the Whistle Blowing Investigation Committee (WBIC) in case they observe unethical and improper practices or any other wrongful conduct in the Company. This policy protects such employees from any adverse action being taken against them.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's intranet as well as on the Company's website www.petroneengineering.com. Web link for the same is <http://www.petroneengineering.com/policies/whistle-blower-policy>.

e) The Company does not have any subsidiaries**f) Code of Conduct**

In compliance with Regulation 26(3) of the Listing Regulations and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct for all Board members and the senior management of the Company. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Managing Director has been annexed to the Corporate Governance Report. The code of conduct has been posted on the website of the Company www.petroneengineering.com.

g) Disclosure on compliance with Corporate Governance

The Company has complied with the requirements of Part C (Corporate Governance Report) of sub-para (2) to (10) of Schedule V of the SEBI (LODR) Regulations, 2015.

h) Code of prevention of Insider-Trading Practices

The Company has in place a Code of Conduct for Prevention of Insider Trading and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Directors, management and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of the Company.

i) CEO/CFO Certification

In terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015, the Managing Director and Chief Financial Officer have certified to the Board of Directors of the Company in their meeting held on July 24, 2017, with regards to the financial statements and other matters specified in the said regulation, for the financial year 2016-17. The said Certificate forms part of the Annual Report.

11. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN LISTING REGULATIONS

The Company has complied with the requirements of Part C (Corporate Governance Report) of sub-paras (2) to (10) of Schedule V of the Listing Regulations.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations and necessary disclosures thereof have been made in this Corporate Governance Report.

12. COMPLIANCE WITH MANDATORY REQUIREMENTS

The Company has complied with all applicable mandatory requirements of the SEBI (LODR) Regulations, 2015 during the financial year 2016-17. Quarterly compliance report on Corporate Governance, in the prescribed format, duly signed by the compliance officer is submitted regularly with the Stock Exchanges where the shares of the Company are listed.

13. COMPLIANCE WITH NON-MANDATORY / DISCRETIONARY REQUIREMENTS**1. The Board**

The Company has not appointed any designated Chairman from the Board Members.

2. Shareholders Rights

Financial Results for the half year / quarter ended September 30, 2016 were published in the "Financial Express" and "Loksatta" newspapers and were also displayed on the Company's website www.petronengineering.com and disseminated to the Stock Exchanges (i.e. BSE & NSE) wherein its equity shares are listed, hence the same are not sent to the shareholders separately.

3. Modified opinions in Audit Report

For the financial year 2016-17, the Auditors have expressed modified opinions on the financial statements of the Company. The said qualifications and Company's response with regard to the same is provided in Directors' Report. The Company is moving towards a regime of financial statement with unmodified audit opinion.

4. Separate posts of Chairman and CEO

No separate persons have been appointed by the Company to the post of Chairman and CEO.

5. Reporting of Internal Auditors

The Internal Auditors of the Company report to the Audit Committee.

14. CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY

Certificate from the Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (LODR) Regulation, 2015 is annexed to the Directors' Report forming part of the Annual Report. This Certificate is also being forwarded to the Stock Exchange along with the Annual Report of the Company.

15. GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

As part of the green initiative process, the Company has taken initiative of sending documents like Notice calling Annual General Meeting, Directors' Report, Corporate Governance Report, Audited Financial Statements, Auditors' Report, etc. by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

For and on behalf of the Board of Directors

Date : July 24, 2017

Place : Mumbai

Ajay Hans
Managing Director
(DIN: 03068249)

CEO / CFO Certification, issued pursuant to the provision of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors
Petron Engineering Construction Limited

Dear Sirs,

We, the undersigned, are responsible for the finance function, certify that:

- (a) We have reviewed financial statements including standalone balance sheet, statement of profit and loss, cash flow statement for the year ended March 31, 2017 along with notes and annexure and attachment thereto, of the Petron Engineering Construction Limited and that to the best of our knowledge and belief:
 - (i) Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) Financial statements together present a true and fair view of the company's affairs and are in compliance with existing 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 violate the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee in this respect and aspects which could have impact on internal control, and we have taken necessary steps to strengthen the financial reporting and internal control system.
- (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 employees having a significant role in the company's internal control system over financial reporting.

For Petron Engineering Construction Limited

Date: July 24, 2017

Ajay Hans

Himanshu Mohapatra

Place: Mumbai

Managing Director

Chief Financial Officer

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017. The code has been hosted on the Company's website www.petronengineering.com.

For Petron Engineering Construction Limited

Date: July 24, 2017

Ajay Hans

Place: Mumbai

Managing Director

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 March 31, 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) as referred to in Regulation 15(2) of the LODR for the period 1st April, 2016 to 31st March, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the 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 information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under LODR Regulations with Stock Exchanges.

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 & Associates
Company Secretaries

Pradeep Kumar Purwar
Proprietor
C. P. No. 5918

Place : Thane

Date : July 24, 2017

INDEPENDENT AUDITOR'S 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 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Basis for Qualified Opinion

Attention is drawn to:

- i. Note no. 32 in respect of certain suspended / delayed contracts as at 31st March, 2017, trade receivables of ₹ 1,749 lacs (net of mobilization advance and provisions of ₹ 2,934 lacs) (FY ended 31st March 2016 ₹ 1,923 lacs net of mobilization advance and provisions of ₹ 2,934 lacs) and unbilled revenue of ₹ 6,256 lacs (FY ended 31st March 2016 ₹ 6,256 lacs) are doubtful of recovery and the balances of trade receivables and trade payables are pending for confirmation / negotiation. Further, the trade payables amounting to ₹ 815 lacs (FY ended 31st March 2016 ₹ 819 lacs) and other trade receivables in respect of above mentioned contracts are also subject to final negotiation/ confirmation. We are unable to comment on the status of amount receivables / payables on the reported loss for the year ended on 31st March, 2017 and its corresponding impact on assets/liabilities as at that date. This matter was also qualified in our report on the financial statements for the year ended 31st March 2016.
- ii. Note no. 33 regarding ₹ 2,922 lacs of revenue recognized till 31st March, 2017 (FY ended 31st March 2016 ₹ 2,922 lacs), on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the Accounting Standards AS-7 'Construction Contracts' and consequently balance in retained earnings and unbilled revenue balance as at 31st March 2017 is higher by ₹ 2,922 lacs (as at 31st March 2016 by ₹ 2,922 lacs). This matter was also qualified in our report on the financial statements for the year ended 31st March 2016.
- iii. Note No. 44 (A) regarding delays in payment of certain statutory dues and non / delay in filing of certain statutory returns where we are unable to comment in respect on the loss for the year. Company needs to further strengthen internal control system in this regard.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

Attention is drawn to:

- i. Note no. 43 (B): regarding balances of certain trade receivable, unbilled revenue, other liabilities (including statutory dues and returns) and loan & advances are subject to confirmation/reconciliation, where the management is confident that there will not be any material impact on confirmation /reconciliation on loss for the year.
- ii. Note no. 43(A): regarding certain pending /delayed projects estimated costs to completion are based upon management estimates and where the management is confident that there will not be any material impact on completion of work in future.

Our opinion is not modified in respect of above stated matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matters described in the basis for "Qualified Opinion paragraph" above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) As required by section 143(3)(i) of the Companies Act, 2013, and based on the checking of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, our report on the Internal Financial Controls over Financial Reporting is as per Annexure 'B';
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 31 and Note No. 35 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any; on long-term contracts including derivative contracts – Refer Note No. 7 to the financial statements. The Company does not have any derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its Financial Statements as to holdings as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. (Refer Note No. 46)

For LODHA & CO.,

Chartered Accountants

Firm's Registration No. 301051E

N.K. Lodha

Partner

Membership No.085155

Place: New Delhi

Date: 24th July 2017

Annexure-A referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date on the Standalone Financial Statements of Petron Engineering Construction Ltd. for the year ended 31st March ,2017

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of Physical Verification of its Fixed assets by which fixed asset are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and as certified no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification needs to be further strengthen having regard to the size of the Company and the nature of its assets.
- (c) As per the records and information and explanations given to us, title deeds of immovable properties are in the name of the Company.
2. The inventories of the Company have been physically verified by the management at reasonable intervals and the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. According to the records and information and explanations made available to us, the Company has not granted any loans, secured or unsecured to companies, firms, LLP and other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information, explanations and representations provided by the management and based upon audit procedures performed, the Company has not granted any loans, investments, guarantees and security; accordingly, the provisions of Clause 3(iv) of the Order are not applicable.
5. In According to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other tribunal in this regard.
6. 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 148 (1) of the Act, related to the manufacture of Machinery and Mechanical appliances and parts thereof and 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 said records with a view to determine whether they are accurate or complete.
7.
 - a) There was delay in deposition of undisputed statutory dues including income-tax, service tax, excise duty, value added tax, provident fund, ESI and other material statutory dues (except of cess and custom duty which have been generally paid in time) with the appropriate authorities and undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2017 are Provident Fund ₹ 1,56,38,913/- (₹ 1,56,38,913/- since paid), Tax Deducted as Source ₹ 80,56,742/- (₹ 80,56,742/- since paid), Excise Duty ₹ 69,64,201/- (₹ 69,64,201/- since paid) and Profession Tax ₹ 58,515/- (This is to be read with the matters described in Para (iii) under basis for Qualified Opinion paragraph)
 - b) According to the records and information & explanations given to us, there are no dues in respect of Wealth Tax, Duty of Custom that have not been deposited with the appropriate authorities to the extent applicable on account of any dispute and the dues in respect of Service Tax, Duty of Excise, Income Tax, VAT or cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:

Name of Statute	Nature of Dues	Period	Amount (in ₹)	Forum where dispute is pending
Finance Act, 1994	Service Tax	2005-09	4,68,22,758	CESTAT, Ahmedabad
Finance Act, 1994	Service Tax	2007-08	251,566	Deputy Commissioner (Appeals) Central Excise, Panipat
Finance Act, 1994	Service Tax	2008-09	184,672	Commissioner (Appeals) of Central Excise, Haldia
Finance Act, 1994	Service Tax	2006-07	2,475,194	CESTAT, New Delhi
Central Excise Act, 1944	Excise Duty	2001-02	252,640	CESTAT, Navi Mumbai
Central Excise Act, 1944	Excise Duty	2004-05	219,156	CESTAT, Vadodara
Central Sales Tax, 1956	Central Sales Tax	2006-07	807,261	Joint Commissioner Sales Tax, West Bengal

Name of Statute	Nature of Dues	Period	Amount (in ₹)	Forum where dispute is pending
Bombay Sales Tax Act, 1959	Sales Tax	2004-05	169,822	Joint Commissioner of Sales Tax (Appeals)
West Bengal Value Added Tax	VAT	2007-08	2,589,556	Joint Commissioner of Commercial Taxes
West Bengal Value Added Tax Act, 2003	VAT	2009-10	17,483,088	Joint Commissioner of Sales Tax
Central Sales Tax (West Bengal) Rules, 1958	Central Sales Tax	2009-10	1,514,805	Joint Commissioner of Sales Tax
West Bengal Value Added Tax Act, 2003	VAT	2010-11	16,694,017	Joint Commissioner of Sales Tax
Building and Other Construction Workers' Welfare Cess Act, 1996	Labour Welfare Cess	2007-08	3,970,102	Bihar Building and Other Construction Workers' Welfare Board
Income Tax Act, 1961	Income Tax	2011-12	264,790	Commissioner of Income-tax (Appeals), Mumbai
Orissa Value Added Tax, 2004	VAT	2002-03	244,655	Sales Tax Authority, Angul, Orissa
Income Tax Act, 1961	Income Tax	2009-10	1,45,24,040	Comm. of Income Tax (Appeals), Mumbai

[This is to be read with Note No.35 & 44(A)]

8. In our opinion, on the basis of audit procedures and according to the information and explanations given to us and based on the confirmation received, the Company has not defaulted in repayment of loans and borrowings to banks as on balance sheet date. The company did not have any outstanding dues in respect of debentures, financial institutions and government (both State and Central) during the year.
9. On the basis of information and explanations given to us, term loans have been applied for the purposes for which they were obtained. The company did not raise any money by way of initial / further public offer.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no material fraud by the Company and on the Company by its officers or employees has been noticed or reported during the course of the audit.
11. On the basis of records and information and explanations made available and based on our examination of the records of the company, the company has paid/ provided managerial remuneration, in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.
12. The Company is not a chit fund or a nidhi /mutual benefit fund /society, therefore, the provisions of clause 4 (xii) of the said Order are not applicable to the Company, hence we are not offering any comment.
13. As per the information and explanations and records made available by the management of the Company and audit procedure performed, for the related parties transactions entered during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable. As explained and as per records / details the related parties transactions have been disclosed as per the applicable Accounting Standards.
14. According to the information and explanations given to us, the Company has not made any preferential allotment of shares or fully / partly convertible debentures during the year in terms of provisions of Section 42 of the Act.
15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, as the provision of section is not applicable to the Company.

For LODHA & CO.,

Chartered Accountants

Firm's Registration No. 301051E

N.K. Lodha

Partner

Membership No.085155

Place: New Delhi

Date: 24th July 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Petron Engineering Construction Limited ("the Company")** as of 31st March 2017 in conjunction with our audit of the 2017 financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI, deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following also been reported under Qualified Opinion paragraph of our main report and identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31st March, 2017:

- (a) In respect of certain suspended / delayed contracts, as at 31st March, 2017, trade receivables of ₹ 1,749 lacs (net of mobilization advance and provisions of ₹ 2,934 lacs) (as at 31st March 2016 ₹ 1,923 lacs net of mobilization advance and provisions of ₹ 2,934 lacs) and unbilled revenue of ₹ 6,256 lacs (31st March 2016 ₹ 6,256 lacs) are doubtful of recovery and the balances of trade receivables and trade payables are pending for confirmation / negotiation. Further, the trade payables amounting to ₹ 815 lacs (₹ 819 lacs at 31st March 2016) and other trade receivables in respect of above mentioned contracts are also subject to final negotiation/ confirmation. We are unable to comment about the status of amount receivables / payables on the reported loss for year ended on 31st March, 2017 and its corresponding impact on assets/liabilities as at that date. (Refer Note No. 32)
- (b) ₹ 2,922 lacs of revenue recognized till 31st March, 2017 (till 31st March 2016 ₹ 2,922 lacs), on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the Accounting Standards AS-7 'Construction Contracts' and consequently balance in retained earnings and unbilled revenue balance as at 31st March 2017 is higher to that extent. (Refer Note No. 33)
- (c) Delays in payment of certain statutory dues and non / delay in filing of certain statutory returns where we are unable to comment on the loss for the year. Company needs to further strengthen internal control system in this regard. [Refer Note No. 44(A)]

A 'material weakness' is a deficiency, or combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/ possible effects described above in (a),(b) and (c) under Qualified Opinion paragraph on the achievement of the objectives of the control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March, 2017 financial statements of the Company and these weaknesses affect our opinion on financial statements of the Company for the year ended 31st March 2017 [our audit report dated 24.07.2017, which expressed qualified opinion on those financial statements of the Company]

Emphasis of Matters

We draw attention to the followings:

- (a) Pending confirmation/reconciliation of balances of certain trade receivable, unbilled revenue, other liabilities (including statutory dues and returns) and loan & advances as at 31st March 2017, where the management is confident that there will not be any material impact on confirmation/reconciliation on loss for the year ended 31st March 2017. [Refer Note No. 43(B)]
- (b) In case of certain pending /delayed projects estimated costs to completion are based upon management estimates and where the management is confident that there will not be any material impact on completion of work in future. [Refer Note No. 43(A)]

Our opinion is not modified in respect of matter stated above.

For LODHA & CO.,
Chartered Accountants
Firm's Registration No. 301051E

N.K. Lodha
Partner
Membership No.085155

Place: New Delhi
Date: 24th July 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Equity and Liabilities			
Shareholders' funds			
Share capital	3	7,53,84,000	7,53,84,000
Reserves and surplus	4	1,44,71,51,442	1,58,23,66,335
		1,52,25,35,442	1,65,77,50,335
Non-current liabilities			
Long-term borrowings	5	20,00,00,000	6,50,00,000
Deferred tax liabilities (net)	13	-	1,51,55,307
Other long-term liabilities	6	3,82,18,736	12,18,76,577
Long-term provisions	7	1,00,24,762	1,15,46,617
		24,82,43,498	21,35,78,501
Current liabilities			
Short-term borrowings	8	85,26,84,371	1,10,82,83,068
Trade payables	9	1,28,79,25,892	1,35,18,61,312
Other current liabilities	10	1,55,65,25,385	1,91,38,09,863
Short-term provisions	7	1,11,11,422	1,42,76,779
		3,70,82,47,070	4,38,82,31,022
TOTAL		5,47,90,26,010	6,25,95,59,858
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	60,57,44,497	65,89,70,766
Intangible assets	12	3,78,208	29,61,207
Capital work-in-progress		15,98,669	15,98,669
Deferred tax assets (net)	13	4,78,22,607	-
Long-term loans and advances	14	37,17,02,996	43,42,80,448
Trade receivables	15.1	30,44,69,342	20,84,25,545
Other non-current assets	15.2	62,62,95,730	25,71,23,647
		1,95,80,12,049	1,56,33,60,282
Current assets			
Inventories	16	2,70,716	56,82,382
Trade receivables	15.1	84,20,81,173	1,43,60,94,411
Cash and bank balances	17	23,12,29,389	18,07,47,121
Short-term loans and advances	14	18,11,63,128	36,25,60,309
Other current assets	15.2	2,26,62,69,555	2,71,11,15,353
		3,52,10,13,961	4,69,61,99,576
TOTAL		5,47,90,26,010	6,25,95,59,858
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 LODHA & CO.
Chartered Accountants
Firm registration number: 301051E

**For and on behalf of the Board of Directors of
Petron Engineering Construction Limited**

N. K. Lodha
(Partner)
Membership no.: 085155

Ajay Hans
Managing Director

Ravi Keswani
Director

Mumbai, July 24, 2017

Himanshu Mohapatra
Chief Financial Officer

Rashmi Patkar
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Income			
Revenue from operations (gross)	18	3,79,56,94,450	4,62,43,45,224
Less: taxes (service tax, sales tax and excise duty)		35,01,98,818	40,52,68,279
Revenue from operations (net)		3,44,54,95,632	4,21,90,76,945
Other income	19	3,10,26,350	6,81,92,557
Total revenue (I)		3,47,65,21,982	4,28,72,69,502
Expenses			
Cost of raw materials and components consumed	20	74,25,60,565	1,25,93,57,708
Purchase of trading goods		24,12,49,050	-
(Increase)/decrease in project inventories	21	1,29,054	68,34,517
Employee benefits expense	22	73,84,19,054	79,10,75,891
Finance costs	25	18,93,84,262	24,58,82,611
Depreciation and amortization expense	24	6,98,50,447	7,28,14,378
Other expenses	23	1,68,74,00,755	1,85,95,97,843
Total Expenses (II)		3,66,89,93,187	4,23,55,62,948
Profit/(Loss) before exceptional items and tax (I) – (II)		(19,24,71,205)	5,17,06,554
Exceptional items (Gain)/Loss		-	-
Profit/(Loss) before tax		(19,24,71,205)	5,17,06,554
Tax expenses			
Current tax		-	99,78,472
Deferred tax		(6,29,77,914)	77,05,190
Adjustment of tax (current and deferred) relating to earlier periods		57,21,602	(96,06,771)
Total tax expense		(5,72,56,312)	80,76,891
Profit/(Loss) for the year		(13,52,14,893)	4,36,29,663
Earnings per equity share (Basic & Diluted) [nominal value of share ₹ 10 (March 31, 2016: ₹10)]	26	(17.94)	5.79
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 LODHA & CO.
Chartered Accountants
Firm registration number: 301051E

**For and on behalf of the Board of Directors of
Petron Engineering Construction Limited**

N. K. Lodha
(Partner)
Membership no.: 085155
Mumbai, July 24, 2017

Ajay Hans
Managing Director

Himanshu Mohapatra
Chief Financial Officer

Ravi Keswani
Director

Rashmi Patkar
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

	31st March, 2017 amount ₹	31st March, 2016 amount ₹
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	(19,24,71,205)	5,17,06,554
Adjustments for:		
a) Depreciation & amortisation	6,98,50,447	7,28,14,378
b) Interest income	(1,59,65,874)	(81,57,781)
c) Finance cost	18,93,84,262	24,58,82,611
d) Sundry Balances written back	(1,01,55,820)	(2,20,34,234)
e) Bad debts/advances written off	13,96,32,527	16,54,803
f) Assets written off (Investment)	-	1,000
g) Loss on sale of fixed assets (net)	-	36,39,570
h) Miscellaneous balance written off	-	2,95,000
i) Sales tax & service tax written off	1,72,42,600	1,06,81,974
j) Interest on income tax refund	-	(1,57,87,145)
k) Inventory written off	2,70,716	-
l) Exchange fluctuation (Gain)/Loss (unrealised) (net)	45,62,993	(29,08,229)
Operating profit before working capital changes	20,23,50,646	33,77,88,501
Adjustments for:		
a) Decrease/(increase) in inventories	51,40,951	1,96,36,349
b) Decrease/(increase) in trade receivables	25,31,32,827	8,56,63,229
c) Decrease/(increase) in loans and advances and other assets	20,93,13,875	(31,52,96,679)
d) (Decrease)/ increase in Trade payables, other liabilities and provisions	(50,80,95,501)	29,68,24,434
Cash generated from operations	16,18,42,798	42,46,15,834
Taxes paid	8,74,78,848	(3,16,37,389)
Net cash flow from operating activities (A)	24,93,21,646	39,29,78,445
B. CASH FLOWS FROM INVESTING ACTIVITIES		
a) Purchase of fixed assets	(46,76,453)	(1,70,09,293)
b) Proceeds from sale of fixed assets	-	9,27,239
c) Interest received	1,63,80,427	82,20,958
d) Withdrawal of margin money deposits with banks	7,08,23,801	2,44,53,804
e) Investment in margin money deposits with banks	(8,41,88,391)	(7,45,73,445)
Net cash (used) in investing activities (B)	(16,60,616)	(5,79,80,737)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
a) Proceeds from inter-corporate borrowings	25,00,000	10,44,00,000
b) Repayment of inter-corporate borrowings	(83,25,000)	(10,20,00,000)
c) Repayment of term loans	(9,56,53,499)	(11,41,42,260)
d) Increase / (decrease) in short term borrowings from banks (net)	5,04,92,174	(3,94,24,074)
e) Interest paid	(15,90,19,274)	(20,28,13,117)
Net cash (used) in financing activities (C)	(21,00,05,599)	(35,39,79,451)
Net increase/(decrease) in cash or cash equivalents (A+B+C)	3,76,55,431	(1,89,81,743)
Effect of exchange differences on cash & cash equivalents held in foreign currency	14,621	(24,007)
Cash and cash equivalents at the beginning of the year	(3,52,47,784)	(5,42,05,520)
Cash and cash equivalents at the closing of the year	7,28,88,594	3,52,47,784
Net increase/(decrease) in cash and cash equivalents	3,76,55,431	(1,89,81,743)
	March 31, 2017	March 31, 2016
Components of cash and cash equivalents	amount ₹	amount ₹
Cash on hand	46,16,089	1,20,78,008
Balances with banks		
- on current account	6,79,51,147	2,28,48,418
- unpaid dividend accounts *	3,21,358	3,21,358
Total cash and cash equivalents (note 17)	7,28,88,594	3,52,47,784

* The Company can utilise these balances only towards settlement of unpaid dividend liabilities.

Notes:

1. Previous year figures have been regrouped wherever necessary.
2. Figures in brackets indicate outflow.
3. Cash Flow Statement has been prepared using indirect method as prescribed by Accounting Standard-3 (Cash Flow Statements) issued by Institute of Chartered Accountants of India.
4. Direct taxes paid are treated as arising from operating activities and not bifurcated between investing and financing activities.

As per our report of even date
For LODHA & CO.
 Chartered Accountants
 Firm registration number: 301051E

N. K. Lodha
 (Partner)
 Membership no.: 085155

Mumbai, July 24, 2017

**For and on behalf of the Board of Directors of
 Petron Engineering Construction Limited**

Ajay Hans
 Managing Director

Himanshu Mohapatra
 Chief Financial Officer

Ravi Keswani
 Director

Rashmi Patkar
 Company Secretary

Notes to the financial statements for the year ended March 31, 2017

1. Corporate information

Petron Engineering Construction Limited ('the Company') is a public company domiciled in India and incorporated 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 & gas refineries, power, cement, petrochemical, fertilizer 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 & instrumentation services and insulation & refractory application/maintenance services to above industries.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply with all material aspects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year except for the change in accounting policies explained below.

2.1 Summary of significant accounting policies

Change in accounting policy

i. Accounting for additional depreciation on account of revaluation of assets

On 31st March 1994, the Company revalued all its building existing as on that date and till year ended 31st March 2014, the Guidance Note on Treatment of Reserve Created on Revaluation of Fixed Assets issued by the ICAI allowed companies to transfer an amount equivalent to the additional depreciation arising due to upward revaluation of fixed assets from revaluation reserve to the Statement of profit and loss. In the year 2014-15 (effective from 01.04.2014), Schedule II to the Companies Act, 2013 is applicable which states that depreciable amount of an asset is the cost of an asset or other amount substituted for cost. Hence, in case of revalued assets, depreciation computed on the revalued amount needs to be charged to the Statement of profit and loss, without any recoupment from revaluation reserve account. The Company has discontinued the practice of recouping the impact of additional depreciation from revaluation reserve. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1st April 2014.

A. Revenue recognition

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.

Contract Revenue

Revenue from engineering and construction contracts and project-related activities is recognised in accordance with Accounting Standard (the 'AS') - 7 (Revised), Construction Contracts, by adding the aggregate cost and proportionate margin using the percentage completion method. The Company collects service tax and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company, hence, they are deducted from revenue. Percentage of completion is determined as a proportion of cost incurred-to-date for work performed to estimated contract cost. Revenue is recognised when the percentage completion of the project achieved is 5% or above. Till such time the expenses incurred for the project is considered as project inventory. As the 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. Provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed the total contract revenue. The revenue on account of extra claims and the expenditure on account of liquidated damages /cost escalations, warranties 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."

Sale of goods

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. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenue from service related activities including hire charges, maintenance services & 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. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

B. Retirement and other employee benefits**(a) Short-term benefits**

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(b) Defined contribution plans

The Company has defined contribution plans for post employment 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 Life Insurance Corporation of India, Provident Fund and Employees' State Insurance Corporation.

(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 liability for such benefits are accounted as an expense for the period to which it relates based on 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 for 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 Statement of profit and loss.

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 31st March 1994, the Company revalued freehold land, office building at Swastik Chambers and certain heavy plant & 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. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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 effect 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

Leasehold land is amortized on a straight line basis over the period of 99 years.

Depreciation on fixed assets is calculated on a Straight Line Method (the 'SLM') using the rates arrived at based on the useful lives estimated by the management which is in line with Schedule II useful life, except for (a) for the temporary buildings at sites which are depreciated over the expected life of the project or 3 years whichever is earlier and (b) on certain plant and machinery where depreciation is provided considering life of 12 years as technically assessed and estimated by the management.

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.

Intangible assets comprises of computer software which are amortized over an estimated life of 3 to 5 years.

E. Impairment of assets

- (a) 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.
- (b) After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.
- (c) 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 Statement of profit and Loss account on a straight line 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 directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

I. Inventories

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, finished goods and traded goods are valued at the lower of cost and net realisable value. Excise duty is included in the value of finished goods inventory. Cost is determined on first in first out basis. Work-in-progress is valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

The net realisable value of work-in-progress is determined with reference to the estimated selling price less estimated cost of completion and estimated costs necessary to make the sale of related finished goods. Raw materials held for the production of finished goods are not written down below cost except in case where material prices have declined and it is estimated that the cost of the finished product will exceed its net realisable value.

J. Foreign exchange transactions and translations

(a) Initial recognition

The reporting currency of the Company is Indian Rupee. The Company translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date.

(b) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(c) Exchange differences

- i) Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- ii) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- iii) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- iv) All other exchange differences are recognized as income or as expenses in the period in which they arise.

K. Cash and cash equivalents

Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

L. Income-taxes

Tax expense comprises of current and deferred tax. Current income-tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961 enacted in India, and based on the expected outcome of assessments/appeals. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

The Company's operation comprise of only one business segment 'Engineering, Procurement & Construction' as its primary segment. The analysis of Geographical segments is based on the areas in which a Company operates. The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company.

N. Earnings per share

Basic earnings per share is 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. Use of estimates

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.

Notes to the financial statements for the year ended March 31, 2017

3. Share capital

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Authorized shares		
1,00,00,000 (March 31, 2016: 1,00,00,000) equity shares of ₹ 10 each	10,00,00,000	10,00,00,000
Issued, subscribed and fully paid-up shares		
75,38,400 (March 31, 2016: 75,38,400) equity shares of ₹ 10 each	7,53,84,000	7,53,84,000
Total issued, subscribed and fully paid-up share capital	7,53,84,000	7,53,84,000

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

	March 31, 2017		March 31, 2016	
	nos.	amount ₹	nos.	amount ₹
At the beginning of the period	75,38,400	7,53,84,000	75,38,400	7,53,84,000
Outstanding at the end of the period	75,38,400	7,53,84,000	75,38,400	7,53,84,000

(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 March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹ Nil (March 31, 2016: ₹ Nil).

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:

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
KSS Petron Private Limited (Holding company)		
39,45,393 (March 31, 2016: 39,45,393) equity shares of ₹ 10 each fully paid	3,94,53,930	3,94,53,930
KazStroyService Global B.V (Ultimate holding company)		
15,17,810 (March 31, 2016: 15,07,680) equity shares of ₹ 10 each fully paid	1,51,78,100	1,50,76,800
Subsidiaries of ultimate holding company;		
KazStroyService Hungary KFT		
Nil (March 31, 2016: 10,130) equity shares of ₹ 10 each fully paid	-	1,01,300

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

Name of the shareholder	March 31, 2017		March 31, 2016	
	nos.	% holding in the class	nos.	% holding in the class
Equity shares of ₹ 10 each fully paid				
KSS Petron Private Limited (formerly known as KazStroyService Infrastructure India Pvt. Ltd.)	39,45,393	52.34	39,45,393	52.34
KazStroyService Global B.V	15,17,810	20.00	15,07,680	20.00
Mitesh N. Mehta	2,36,004	3.13	5,24,000	6.95

4. Reserves and surplus

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Capital reserve	1,59,000	1,59,000
	1,59,000	1,59,000
Securities premium account		
Balance as per the last financial statements	9,51,09,150	9,51,09,150
Closing Balance	9,51,09,150	9,51,09,150
Revaluation reserve		
Balance as per the last financial statements	5,56,74,659	5,56,74,659
Less: amount transferred to the Statement of profit and loss as reduction from depreciation	-	-
Closing Balance	5,56,74,659	5,56,74,659
General reserve		
Balance as per the last financial statements	33,48,09,185	33,48,09,185
Closing Balance	33,48,09,185	33,48,09,185
Surplus in the Statement of profit and loss		
Balance as per the last financial statements	1,09,66,14,341	1,05,29,84,678
Profit for the year	-13,52,14,893	4,36,29,663
Net surplus in the Statement of profit and loss	96,13,99,448	1,09,66,14,341
Total reserves and surplus	1,44,71,51,442	1,58,23,66,335

5. Long-term borrowings

	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Term loans (Secured)				
INR term loans from banks (Refer note (a))	6,50,00,000	-	6,50,00,000	6,50,00,000
Inter-corporate deposit (unsecured from related party) [Refer note (d) and note 8(II)]	-	20,00,00,000	-	-
From non-banking financial companies [Refer note (b) and (c)]	-	-	3,06,53,499	-
	6,50,00,000	20,00,00,000	9,56,53,499	6,50,00,000
Amount disclosed under the head other current liabilities (Refer note 10)	(6,50,00,000)	-	(9,56,53,499)	-
	-	20,00,00,000	-	6,50,00,000

- Term loans from bank amounting to ₹ 650 lacs (March 31, 2016: ₹ 1,300 lacs) (taken during the financial year 2012–13) carrying interest at Bank rate + 2%, which is currently 12.30% 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 & Building at Mahape and certain cranes. Also first pari passu 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.
- Term loans from a Non Banking Financial Company amounting to ₹ Nil (March 31, 2016: ₹ 45 lacs) (taken during the financial year 2010–11) carrying interest @ 10% to 13.75% p.a. The loans are repayable in 46 to 57 monthly installments including interest (as per the repayment schedules). The loans are secured by primary security of the assets being funded, viz. Plant & Machinery, Motor car & Cranes.
- Term loans from a Non Banking Financial Company amounting to ₹ Nil (March 31, 2016: ₹ 261 lacs) (taken during the financial year 2012–13) carrying interest @ 15.25% p.a. (floating). The loan is repayable in 42 monthly installments including interest (as per the repayment schedules). The loan is secured by Equitable Mortgage of factory freehold land & super structure thereon, located at Pen, Maharashtra and Corporate Guarantee of KSS Petron Pvt. Ltd.
- Existing Inter-corporate deposit from related party [refer note note 8(II) and 29(b)] amounting to ₹ 2,000 lacs is unsecured and carries interest @ 13.50% and is repayable after September 2020.

6. Other long-term liabilities

Others	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Retention money	15,28,70,102	3,82,18,736	15,24,38,052	2,75,42,136
Advance from customers	79,16,33,189	-	1,01,50,45,950	9,43,34,441
	94,45,03,291	3,82,18,736	1,16,74,84,002	12,18,76,577
Amount disclosed under the head other current liabilities (Refer note 10)	(94,45,03,291)	-	(1,16,74,84,002)	-
	-	3,82,18,736	-	12,18,76,577

7. Provisions

Provision for employee benefits	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Provision for leave benefits	82,21,837	1,00,24,762	79,39,935	1,15,46,617
Provision for Gratuity [Refer note 27]	-	-	-	-
	82,21,837	1,00,24,762	79,39,935	1,15,46,617
Other provisions				
Provision for foreseeable losses	26,08,957	-	60,56,216	-
Income-tax provision [net of advance tax of ₹ 0.20 lacs (March 31, 2016: ₹ 0.20 lacs)]	2,80,628	-	2,80,628	-
	28,89,585	-	63,36,844	-
	1,11,11,422	1,00,24,762	1,42,76,779	1,15,46,617

8. Short-term borrowings

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Cash credit from banks (secured) (Refer note I (a) and I (b))	80,12,75,242	75,07,83,068
Inter-corporate deposits (unsecured) (Refer note II and for related party disclosure, Refer note 29)	5,14,09,129	35,75,00,000
	85,26,84,371	1,10,82,83,068
The above amount includes		
Secured borrowings	80,12,75,242	75,07,83,068
Unsecured borrowings	5,14,09,129	35,75,00,000
	85,26,84,371	1,10,82,83,068

I] (a) Cash credit facilities from banks are secured by way of:

1. Pari passu charge on entire current assets including stock of raw materials, stock-in-process, semi-finished & finished goods, consumables, stores, spares, book debts and all other movables both present and future.

2. Collateral securities as follows:

i. Pari passu charge by way of equitable mortgage on the following assets of the Company:

- Office Blocks at Swastik Chambers, Chembur, Mumbai
- Factory land and building at Dabhasa, Gujarat

ii. Pari passu charge on entire heavy plant & machinery, fixtures and certain crawler cranes

iii. Corporate guarantee by the holding company – KSS Petron Private Limited

3. The Company has also offered the following security for project specific credit facilities from banks by way of ;

- 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 obligators)
- Exclusive charge on all monies deposited/credited or caused to be deposited/credited into the project specific bank accounts

I] (b) The cash credit is repayable on demand and carries interest in the range of 13.05% to 14.00%.**II] Inter corporate deposits**

Inter corporate deposits are unsecured and carries interest in the range of 11.00% to 16.00%. This include ₹ 499 lacs (March 31, 2016: ₹ 3,505 lacs) from a related party. Terms of repayment of ₹ 2,000 lacs has been extended till September 2020 (refer note 5d).

9 Trade payables

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Payable to micro enterprise & small enterprise (Refer note no.36)	24,77,435	11,966
Others (Refer to note 29 for related parties disclosures)	1,28,54,48,457	1,35,18,49,346
	1,28,79,25,892	1,35,18,61,312

10 Other current liabilities

Current maturities of long term borrowings (Refer note 5)	6,50,00,000	9,56,53,499
Interest accrued but not due on borrowings	7,77,596	1,63,012
Interest accrued and due on borrowings	4,20,06,793	1,22,56,389
Unearned revenue (Refer note 40)	73,36,048	9,22,77,262
Advance from customers (Refer note 6)	79,16,33,189	1,01,50,45,950
Investor education and protection fund will be credited by following amounts		
Unclaimed dividend (as and when due)	3,21,358	3,21,358
Retention money (Refer note 6)	15,28,70,102	15,24,38,052
Capital liabilities	1,20,85,134	27,20,408
Other liabilities		
Statutory dues payable		
Service tax payable	9,57,33,152	11,48,28,730
TDS payable	4,61,12,247	86,62,575
TCS payable	22,026	2,826
Sales tax payable	3,75,05,054	3,98,90,580
Excise duty payable	89,77,728	69,64,188
Employee related statutory liabilities	5,92,74,251	5,30,24,606
Payable to employees	20,19,37,164	26,01,00,119
Security deposits from vendors	67,57,336	52,57,336
Provision for expenses	2,69,36,695	5,31,88,086
Others	12,39,512	10,14,887
	1,55,65,25,385	1,91,38,09,863

11. Tangible assets

	amount ₹						
	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Gross Block							
At April 1, 2015	3,44,00,801	14,84,545	37,42,98,274	1,50,09,46,997	7,17,20,642	3,33,70,836	2,01,62,22,095
Additions	-	-	84,23,177	85,09,215	6,57,839	3,85,000	1,79,75,231
Disposals	-	-	(6,55,64,200)	(1,42,08,886)	(2,10,461)	(1,08,857)	(8,00,92,404)
At March 31, 2016	3,44,00,801	14,84,545	31,71,57,251	1,49,52,47,326	7,21,68,020	3,36,46,979	1,95,41,04,922
Additions	-	-	1,37,37,047	1,93,132	56,400	-	1,39,86,579
Disposals	-	-	(2,56,95,679)	-	-	-	(2,56,95,679)
At March 31, 2017	3,44,00,801	14,84,545	30,51,98,619	1,49,54,40,458	7,22,24,420	3,36,46,979	1,94,23,95,822
Depreciation							
At April 1, 2015	-	3,23,675	22,45,02,156	99,42,34,798	5,58,35,043	2,59,38,748	1,30,08,34,420
Charge for the year	-	15,112	1,54,02,059	4,77,11,191	48,36,241	18,60,728	6,98,25,331
Disposals	-	-	(6,55,64,200)	(96,58,042)	(1,99,939)	(1,03,414)	(7,55,25,595)
At March 31, 2016	-	3,38,787	17,43,40,015	1,03,22,87,947	6,04,71,345	2,76,96,062	1,29,51,34,156
Charge for the year	-	15,112	1,51,89,816	4,73,97,271	28,02,483	18,08,166	6,72,12,848
Disposals	-	-	(2,56,95,679)	-	-	-	(2,56,95,679)
At March 31, 2017	-	3,53,899	16,38,34,152	1,07,96,85,218	6,32,73,828	2,95,04,228	1,33,66,51,325
Net Block							
At March 31, 2016	3,44,00,801	11,45,758	14,28,17,236	46,29,59,379	1,16,96,675	59,50,917	65,89,70,766
At March 31, 2017	3,44,00,801	11,30,646	14,13,64,467	41,57,55,240	89,50,592	41,42,751	60,57,44,497

Notes

1. Buildings include:

- (a) Temporary establishments at sites of gross block of ₹ 1,093 lacs and net block of ₹ 208 lacs (31 March 2016: ₹ 1,213 lacs and ₹ 174 lacs respectively), these are written off over the expected life of the project or three years whichever is earlier.

- (b) ₹ 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.
- (c) Building includes those constructed on leasehold land:
 Gross block ₹ 103 lacs (March 31, 2016: ₹ 103 lacs)
 Depreciation charge for the year ₹ 3 lacs (March 31, 2016: ₹ 3 lacs)
 Accumulated depreciation till March 31, 2017 ₹ 71 lacs (March 31, 2016: ₹ 68 lacs)
 Net book value ₹ 32 lacs (March 31, 2016: ₹ 35 lacs)
2. The Company has revalued its office buildings on March 31, 1994, at the fair values determined by an independent external valuer. The valuer determined the fair value by reference to market-based evidence. The 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 ₹ 61 lacs and its fair value was ₹ 934 lacs. Hence, the revaluation resulted in an increase in the value of office building by ₹ 873 lacs. The revaluation of the building results an additional depreciation charge of ₹ 16 lacs every year. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recouped such additional depreciation out of revaluation reserve up to March 31, 2014.

12. Intangible assets

	March 31, 2017 amount ₹
Computer software	
Gross block	
At April 1, 2015	3,99,70,440
Additions	83,236
Disposals	-
At March 31, 2016	4,00,53,676
Additions	54,600
Disposals	-
At March 31, 2017	4,01,08,276
Amortization	
At April 1, 2015	3,41,03,422
Charge for the year	29,89,047
At March 31, 2016	3,70,92,469
Charge for the year	26,37,599
At March 31, 2017	3,97,30,068
Net block	
At March 31, 2016	29,61,207
At March 31, 2017	3,78,208

13. Deferred tax liability (net)

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting (Refer note 45)	4,76,17,675	4,51,03,563
Gross deferred tax liability	4,76,17,675	4,51,03,563
Deferred tax asset		
Impact of expenditure charged to the Statement of profit and loss in the current year but allowed for tax purposes on payment basis		
Employee benefits	1,95,06,762	1,90,27,443
Doubtful assets	7,50,70,921	89,18,446
Foreseeable losses	8,62,599	20,02,367
Depreciation	-	-
Gross deferred tax asset	9,54,40,282	2,99,48,256
Net deferred tax liability	(4,78,22,607)	1,51,55,307

14. Loans and advances

	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Security deposit				
Unsecured, considered good	83,09,307	73,32,888	2,36,41,199	-
	83,09,307	73,32,888	2,36,41,199	-
Advances recoverable in cash or kind				
Unsecured considered good	10,90,14,387	-	24,80,22,037	-
	10,90,14,387	-	24,80,22,037	-
Other loans and advances (Unsecured, considered good)				
Prepaid expenses	1,83,39,967	19,78,361	3,33,45,821	49,82,929
Loans to employees	6,70,441	-	21,58,324	-
Insurance claim receivable	-	-	-	-
Advance tax [net of provision for taxation of ₹ 224 lacs (March 31, 2016: ₹ 438 lacs)]	-	8,77,34,002	-	18,09,34,452
Balances with statutory/government authorities	4,48,29,026	27,46,57,745	5,53,92,928	24,83,63,067
	6,38,39,434	36,43,70,108	9,08,97,073	43,42,80,448
	18,11,63,128	37,17,02,996	36,25,60,309	43,42,80,448

15. Trade receivables and other assets**15.1. Trade receivables**

(Unsecured, considered good unless stated otherwise)

	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	56,22,89,937	-	56,22,94,594	-
Retention money	3,66,69,944	-	5,58,85,254	-
Doubtful	9,11,71,173	-	2,69,74,099	-
	69,01,31,054	-	64,51,53,947	-
Provision for doubtful receivables	(9,11,71,173)	-	(2,69,74,099)	-
	59,89,59,881	-	61,81,79,848	-
Other receivables				
Unsecured, considered good	24,31,21,292	-	81,79,14,563	-
Retention money (Refer Note 40)	-	30,44,69,342	-	20,84,25,545
	24,31,21,292	30,44,69,342	81,79,14,563	20,84,25,545
	84,20,81,173	30,44,69,342	1,43,60,94,411	20,84,25,545

15.2. Other assets

(Unsecured, considered good unless stated otherwise)

	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Non-current bank balances (Refer note 17)	-	6,52,132	-	1,29,000
	-	6,52,132	-	1,29,000
Others				
Interest accrued on fixed deposits	20,22,160	11,992	24,35,089	13,616
Unbilled revenue (Refer note 40)	2,25,45,79,157	62,56,31,606	2,69,20,43,779	25,69,81,031
Interest receivable on I.T. Refund	-	-	1,57,00,626	-
Advance with Gratuity Trust	32,64,585	-	-	-
Others	64,03,653	-	9,35,859	-
	2,26,62,69,555	62,56,43,598	2,71,11,15,353	25,69,94,647
	2,26,62,69,555	62,62,95,730	2,71,11,15,353	25,71,23,647

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

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Raw materials (Refer note 20)	2,70,716	55,53,328
Project inventory (Refer note 21)	-	1,29,054
	2,70,716	56,82,382

17. Cash and bank balances

	March 31, 2017		March 31, 2016	
	Current amount ₹	Non-current amount ₹	Current amount ₹	Non-current amount ₹
Cash and cash equivalents:				
Balances with banks				
On current accounts	6,79,51,147	-	2,28,48,418	-
On unpaid dividend account	3,21,358	-	3,21,358	-
Cash on hand	46,16,089	-	1,20,78,008	-
	7,28,88,594	-	3,52,47,784	-
Other bank balances:				
Margin money deposit*	15,83,40,795	6,52,132	14,54,99,337	1,29,000
	15,83,40,795	6,52,132	14,54,99,337	1,29,000
Amount disclosed under non-current assets (Refer note 15.2)	-	(6,52,132)	-	(1,29,000)
	23,12,29,389	-	18,07,47,121	-

* Pledged with banks to secure the Company's non-fund based working capital facilities.

18. Revenue from operations

	Year Ended March 31, 2017 amount ₹	Year Ended March 31, 2016 amount ₹
Revenue from operations		
Works bills	3,61,23,22,336	4,41,01,45,657
Add : Closing work-in-progress, projects	3,01,32,05,616	2,85,67,47,549
Less: Opening work-in-progress, projects	2,85,67,47,549	2,71,05,30,801
Revenue from construction contracts/projects **	3,76,87,80,403	4,55,63,62,405
Revenue from supply and maintenance contracts	2,28,22,034	6,43,58,726
Other operating income		
Scrap sales	40,92,013	36,24,093
Revenue from operations (gross)	3,79,56,94,450	4,62,43,45,224
Less: Taxes (service tax, sales tax and excise duty)	35,01,98,818	40,52,68,279
Revenue from operations (net)	3,44,54,95,632	4,21,90,76,945

** Refer Note 43

19 Other income

	Year Ended March 31, 2017 amount ₹	Year Ended March 31, 2016 amount ₹
Exchange fluctuation (net)	-	21,23,046
Sales tax refund/claims received	-	48,65,363
Miscellaneous income	16,92,562	24,39,583
Other non-operating income		
Bad debts recovered	32,12,094	1,10,22,465
Sundry Balances written back	1,01,55,820	2,20,34,234
Interest income on bank deposits	99,64,110	81,57,781
Interest others	60,01,764	1,75,50,085
	3,10,26,350	6,81,92,557

20. Cost of raw materials and components consumed

	Year Ended March 31, 2017 amount ₹	Year Ended March 31, 2016 amount ₹
Inventory at the beginning of the year	55,53,328	1,83,55,160
Add: Purchases *	73,72,77,953	1,24,65,55,876
	74,28,31,281	1,26,49,11,036
Less: inventory at the end of the year	2,70,716	55,53,328
Cost of raw material and components consumed	74,25,60,565	1,25,93,57,708

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

Details of raw material and components consumed

	Year Ended March 31, 2017 amount ₹	Year Ended March 31, 2016 amount ₹
Steel & structural steel	1,75,49,974	34,93,15,776
Civil material	21,97,50,568	20,14,65,018
Electrodes	2,19,48,656	4,66,04,361
Stores, spares & parts	5,47,96,301	12,59,46,758
Electrical items	24,34,06,280	29,56,44,014
Consumables	9,20,38,685	11,03,95,153
Others	9,30,70,101	12,99,86,628
	74,25,60,565	1,25,93,57,708

21. (Increase)/decrease in project inventories

	Year Ended March 31, 2017 amount ₹	Year Ended March 31, 2016 amount ₹
Inventories at the end of the year		
Project inventories	-	1,29,054
	-	1,29,054
Inventories at the beginning of the year		
Project inventories	1,29,054	69,63,571
	1,29,054	69,63,571
(Increase)/Decrease during the year	1,29,054	68,34,517

22. Employee benefits expenses

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Salaries, wages and bonus	63,77,88,141	65,87,02,389
Contribution to provident and other funds	4,40,18,688	4,80,61,583
Staff welfare expenses	5,66,12,225	8,43,11,919
	73,84,19,054	79,10,75,891

23. Other expenses

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Sub-contracting expenses	1,14,50,89,922	1,32,58,43,524
Bank charges	6,89,67,999	6,61,67,620
Service tax	57,20,967	74,17,035
Sales tax	2,45,25,522	93,48,222
Site related expenses	9,03,588	14,63,050
Power and fuel	1,11,10,355	2,05,05,762
Freight and forwarding charges	3,64,60,352	5,80,46,382
Rent		
Equipment	4,38,13,486	10,69,37,267
Other	24,32,965	94,72,587
Rates and taxes	79,00,106	91,12,754
Insurance	1,04,35,519	1,57,24,076
Repairs and maintenance		
Plant and machinery	50,93,860	1,04,52,993
Buildings	5,749	35,854
Others	44,72,373	63,98,646
Travelling and conveyance	5,70,74,890	7,24,03,671
Communication costs	60,91,590	84,04,668
Printing and stationery	62,77,354	59,14,975
Legal and professional fees	8,56,58,467	8,92,02,449
Directors' sitting fees	2,75,000	3,60,000
Payment to auditors (Refer details below)	26,03,485	26,15,236
Exchange fluctuation (net)	45,62,994	-
Bad debts/advances written off	9,14,59,285	18,54,803
Provision for doubtful debts written back	4,81,73,242	(2,00,000)
Loss on sale of fixed assets (net)	-	36,39,570
Water charges	8,76,954	30,69,497
Miscellaneous expenses (net of recovery of ₹ Nil (P.Y. ₹ 103,602))	1,74,14,731	2,54,07,202
	1,68,74,00,755	1,85,95,97,843

Payment to auditors (including service tax)

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
As auditors :		
Audit fee	14,37,500	14,37,500
Limited review	5,17,500	5,17,500
In other capacity:		
Other services	5,75,000	5,75,000
Reimbursement of expenses	73,485	85,236
	26,03,485	26,15,236

24. Depreciation and amortization expenses

	Year Ended March 31, 2017 amount ₹	Year Ended March 31, 2016 amount ₹
Depreciation of tangible assets (Refer note 11)	6,72,12,848	6,98,25,331
	6,72,12,848	6,98,25,331
Amortization of intangible assets (Refer note 12)	26,37,599	29,89,047
	6,98,50,447	7,28,14,378

25. Finance costs

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Interest		
on term loans	1,40,75,633	2,92,36,643
on working capital facilities	10,95,74,624	11,66,56,566
on inter corporate deposits	3,41,93,138	5,37,57,495
on others	3,15,40,867	4,62,31,907
	18,93,84,262	24,58,82,611

26. Earnings per share (EPS)

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

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Net Profit available for equity share holders	(13,52,14,893)	4,36,29,663
Weighted average number of equity shares for computation of basic & diluted earnings per share	75,38,400	75,38,400
Face Value of Equity Share	10	10
Earnings per share - Basic	(17.94)	5.79
Earnings per share - Diluted	(17.94)	5.79

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.

Net employee benefit expense recognized as employee cost in Statement of profit & loss	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Current service cost	37,74,297	46,50,085
Interest cost on benefit obligation	32,16,369	33,23,373
Expected return on plan assets	(99,90,636)	(35,29,380)
Net actuarial(gain)/loss recognized in the year	5,51,069	(79,85,056)
Net benefit expense	(24,48,901)	(35,40,978)

Benefit asset/liability	Gratuity	
	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Present value of defined benefit obligation	3,32,76,923	4,02,04,612
Fair value of plan assets	3,65,41,508	4,08,53,308
Plan asset/(liability)	32,64,585	6,48,696

Changes in the present value of the defined benefit obligation are as follows:	Gratuity	
	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Opening defined benefit obligation	4,02,04,612	4,28,82,236
Current service cost	37,74,297	46,50,085
Interest cost	32,16,369	33,23,373
Benefits paid	(1,36,53,740)	(55,58,308)
Actuarial (gains)/losses on obligation	(2,64,615)	(50,92,774)
Closing defined benefit obligation	3,32,76,923	4,02,04,612

Changes in the fair value of plan assets are as follows:	Gratuity	
	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Opening fair value of plan assets	4,08,53,308	3,99,72,458
Expected return	99,90,636	35,29,380
Contributions by employer	1,66,988	17,496
Benefits paid	(1,36,53,740)	(55,58,308)
Actuarial gains/(losses)	(8,15,684)	28,92,282
Closing fair value of plan assets	3,65,41,508	4,08,53,308

The major categories of plan assets as a percentage of the fair value of total assets are as follows:	Gratuity	
	March 31, 2017	March 31, 2016
Government of India securities	20.71%	19.14%
State government securities	14.63%	13.52%
Financial Institute/Corporate bonds	51.61%	48.60%
Insurance managed funds	13.05%	18.74%
	100.00%	100.00%

The principal assumptions used in determining gratuity and post-employment benefit obligations for the Company's plans are shown below:	Gratuity	
	March 31, 2017	March 31, 2016
Retirement age	60	60
Discount rate	7.50%	8.00%
Employee turnover	1% at all ages	1% at all ages
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.

Amounts for the current and previous four periods are as follows:

	March 31, 2017 amount ₹	March 31, 2016 amount ₹	March 31, 2015 amount ₹	31-Mar-14 amount ₹	31-Mar-13 amount ₹
Gratuity					
Defined benefit obligation	3,32,76,923	4,02,04,612	4,28,82,236	4,09,97,382	4,77,37,810
Plan assets	3,65,41,508	4,08,53,308	3,99,72,478	4,05,77,224	4,82,40,410
Surplus/(deficit)	(32,64,585)	(6,48,696)	29,09,758	4,20,158	(5,02,600)
Experience adjustments on plan liabilities	(15,62,755)	(43,39,090)	(58,72,259)	(30,09,570)	(29,63,412)
Experience adjustments on plan assets	(8,15,684)	28,92,282	-	(17,33,955)	37,87,108

28. Segment information

The Company's operations comprise of only one business segment "Engineering, Procurement and Construction" in the context of reporting business / geographical segment as required under mandatory Accounting Standard AS-17 "Segment Reporting". The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

The geographical segment considered for disclosure are in India and Outside India.

Secondary segment - Geographical segment.

	amount ₹	amount ₹	amount ₹
	Within India	Outside India	Total
Year ended March 31, 2017			
Segment Revenue	3,44,54,95,632	-	3,44,54,95,632
Other segment information			
Segment assets	5,47,23,69,328	66,56,682	5,47,90,26,010
Capital expenditure:			
Tangibles	1,39,86,579	-	1,39,86,579
Intangibles	54,600	-	54,600
Year ended 31 March 2016			
Segment Revenue	4,21,90,76,945	-	4,21,90,76,945
Other segment information			
Segment assets	6,25,17,70,770	77,89,088	6,25,95,59,858
Capital expenditure:			
Tangibles	1,79,75,231	-	1,79,75,231
Intangibles	83,236	-	83,236

29. Related party disclosures**Names of related parties and related party relationship****Related parties where control exists**

Holding Company	KSS Petron Private Limited (formerly known as Kazstroyservice Infrastructure India Pvt. Ltd.)
Ultimate holding Company	KazStroyService Global B.V

Related party with whom transactions have taken place during the year

Holding Company	KSS Petron Private Limited (formerly known as KazStroyService Infrastructure India Pvt. Ltd.)
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Fellow subsidiaries	KazStroy Engineering India Private Limited KazStroyService Management Services Pte. Limited. JSC OGCC KazStroyservice
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Other related party where common control exists	Petron Engineering Construction Limited - Employees Gratuity Fund
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Key management personnel	Mr. Ajay Hans , Managing director Mr. Himanshu Mohapatra, Chief Financial Officer Mr. Naresh Shah, Sr. VP (Legal) & Company Secretary
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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. Sales/purchases of services							amount ₹
	Year ended	Sale of services	Purchase of services	Project WIP #	Amount owed by related parties *	Amount owed to related parties *	
Holding Company - KSS Petron Pvt. Ltd.	March 31, 2017	7,32,85,278	-	(8,85,85,267)	-	17,41,85,382	
	March 31, 2016	22,49,34,874	-	3,81,19,137	2,28,04,575	15,51,73,158	
Fellow subsidiaries - JSC OGCC Kazstroy Service	March 31, 2017	-	99,994	-	-	-	
	March 31, 2016	-	-	-	-	-	
Fellow subsidiaries - KazStroyService Management Services Pte. Limited	March 31, 2017	-	-	-	-	1,74,81,555	
	March 31, 2016	-	-	-	-	1,78,58,556	

* The amounts are classified as trade receivables, unbilled revenue, trade payables and unearned revenue respectively.

During the year unbilled amount written off of ₹ 304 lacs.

b. Loans taken and repayment thereof					amount ₹
	Year ended	Loans taken	Repayment	Amount owed to the related parties	
Holding company - KSS Petron Pvt. Ltd.	March 31, 2017	-	10,05,90,869	24,99,09,131	
	March 31, 2016	7,50,00,000	11,86,00,000	35,05,00,000	

c. Interest on Loans taken and repayment thereof					amount ₹
	Year ended	Interest accrued during the year	Interest paid	Amount owed to the related parties	
Holding company - KSS Petron Pvt. Ltd.	March 31, 2017	3,37,04,200	-	4,08,06,326	
	March 31, 2016	5,22,28,856	3,65,76,360	1,04,72,546	

d. Advance given / received				amount ₹
	Year ended	Advance received	Advance given	
Holding company - KSS Petron Pvt. Ltd.	March 31, 2017	1,49,84,703	-	
	March 31, 2016	5,98,000	26,99,944	

e. Expenses incurred by the Company on behalf of & expenses incurred by others on behalf of the Company					amount ₹
	Year ended	Expenses incurred by the Company on behalf of others	Expenses incurred by others on behalf of the Company		
Holding company - KSS Petron Pvt. Ltd.	March 31, 2017	54,87,862	1,12,29,619		
	March 31, 2016	39,37,789	5,20,25,078		

f. Corporate guarantee given by KSS Petron Pvt. Ltd.

KSS Petron Pvt. Ltd. has given a corporate guarantee of ₹ 37,000 lacs towards Cash credit and other facilities taken by the Company from banks and ₹ 1,850 lacs towards term loan from a non-banking financial company.

g. Contribution towards Gratuity Fund

	Year ended	Contribution made during the year	Amount owed to the related parties
Petron Engineering Construction Limited - Employees Gratuity Fund	March 31, 2017	1,66,988	(32,64,585)
	March 31, 2016	17,496	(6,48,696)

h. Remuneration to key managerial personnel

	March 31, 2017	March 31, 2016
Mr. Ajay Hans, Managing director (from 05.10.2012 till date) Salary, bonus and contribution to PF	1,31,13,446	1,04,00,216
Mr. Himanshu Mohapatra, Chief Financial Officer (from 01.01.2015) Salary, bonus and contribution to PF	53,69,853	53,69,853
Mr. Naresh Shah, Sr. VP (Legal) & Company Secretary Salary, bonus and contribution to PF (Current year figure includes ' 1,792,859 towards payment of gratuity)	56,74,267	39,81,912
Total	2,41,57,571	1,97,51,981

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity as this is determined on an actuarial basis for the Company as a whole. However, this is included on payment basis.

30. Capital and other commitments

Commitment for capital expenditure is ₹ 23 lacs (March 31, 2016: ₹ Nil).

31. Legal / other matters (read with note no.35)

- One of the vendor (party) has invoked arbitration proceedings which have been challenged by the Company (earlier the company has made payment of ₹ 750 lacs as per the interim order of the Hon'ble High Court of Mumbai, on winding up petition filed in earlier year for non payment of ₹ 1,277 lacs to the party, pending for final decision). Due liability in this regard have been fully provided in the books. The Company believes that it has creditable case on merits in its favour and does not expect any additional liability.
- The Company has lodged certain claims on various projects undertaken as sub-contractor for KSS Petron Private Ltd. (holding Company) for an amount aggregating to ₹ 3,855 lacs. The Company is in the process of discussion for settlement. The same will be accounted for as and when settled.

32. Update on Suspended / delayed contracts

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 & piping packages. This is a mega project (the largest private investment in the region)-which is nearly 60% completed and which had hit a temporary road block because of cost escalation, natural disaster and financial constraint. The Company had a meeting with the client, wherein the client had confirmed that they are in discussions with various investors for financial support to restart the project. The amount outstanding in the form of trade receivables of ₹ 1,267 lacs (net of mobilisation advance of ₹ 2,926 lacs) is pending negotiations with the customer and the unbilled revenues of ₹ 6,256 lacs are in the form of unfinished works and inventories, most of which are marketable, if required. The management is of the view that the recovery will be made upon restart of the project.

As regards Trade payables of ₹ 815 lacs (as at 31st March, 2016 ₹ 819 Lacs) relating to the said contracts, the same is subject to reconciliation of work performed and can be accurately ascertained after re-negotiation upon re-start of the project or otherwise as the case may be.

In addition to the above there are trade receivables of ₹ 482 lacs (net of mobilisation advance and provisions of ₹ 8 lacs) pertaining to some other old / delayed contracts. The Company is negotiating with these clients for recovery and is confident of realisation of these receivables.

32(A) During the year, receivables and unbilled revenue amounting to ₹ 1,398 lacs has been written off / provided for in respect of certain closed projects / sites.

33. Revenue recognition - Cost Overruns / Extended Stay

The company has recognised revenue of ₹ Nil during the current year (till date ₹ 2,922 lacs) on account of cost overruns arising due to extended stay in certain contracts. There are contractual provisions in these contracts for claims against extended stay at pre-determined rates per month as specified in the respective contracts.

The company is currently in discussion for getting change orders issued. The management is confident of receiving the recognised revenue after completion of pending formalities in due course of time. Therefore, there will not be any impact on reported loss for the year ended 31 March 2017 and on corresponding assets as at that date. “

34. Going concern

The Company is executing certain projects which have very high back ended billing and payment terms, release of which is linked to contracts achieving certain milestones and getting approvals from clients. This temporarily affects the liquidity of the Company. To mitigate the above, the Company had also obtained funding support from its Parent Company. Currently the Company is having a sizeable order book from reputed clients. The Company is also in advanced stage of discussions for getting new orders from prospective clients.

In the opinion of the management, current assets, loans and advances have a realisable value in ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

35. Contingent liabilities

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
(a) Claims against the Company not acknowledged as debts, comprises of;		
i. Sales tax matters in appeal (Sales tax matters in appeal mainly comprises of demands made on account of non submission of C& E forms, disallowances on assessments, additional tax levied, late filing of returns, non submission of original documents etc).	15,20,06,786	3,97,38,203
ii. Excise duty matters in appeal (Excise matters in appeal mainly comprises of demands made on duty paid imported goods & difference in scheduled rates).	5,21,798	5,21,798
iii. 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).	6,05,72,648	5,18,53,390
iv. Income-tax matters (Income-tax matters comprises of demand of tax and interest on short deduction of tax deducted at source).	2,93,12,870	2,93,12,870
v. Labour matters and other litigations (Labour matters comprises of demand made for labour welfare cess).	3,17,70,760	3,04,29,097
	27,41,84,862	15,18,55,358

(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 & Inland/Foreign letters of credit issued by the banks on behalf of the Company of ₹ 1,770,808,686.

(d) Some of the parties have filed legal case(s) against the Company with legal authorities / court for delay / non-payment of their dues (interest unascertainable and not material). The Company is in the process of negotiation and confident to settle due amount in due course of time and / or of improvement in cashflow position.

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

Micro, Small and Medium Enterprises (MSME) under the Micro Small & Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:	As at 31.03.2017	As at 31.03.2016
Principal amount remaining unpaid to Micro & Small Enterprises as on 31st March 2017	24,77,435	11,966
Interest due thereon as on 31st March 2017	-	-
Interest paid by the Company in terms of Section 16 of MSME Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at 31st March	-	-
Further Interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprise.	-	-

Apart from the above, the Company believes that there are no other balances outstanding to micro and small enterprises as defined under the MSMED Act, 2006. This has been relied upon by the auditors.

To the extent information available with the Company in respect of MSME {as defined in The Micro, Small and Medium Enterprises Development Act, 2006 (the Act)}, the management has identified such enterprises which have provided goods and services to the company and qualify under the definition of MSME. As certified by the management there is no delay/default in payment (read with note 43 (b)). However, the company is in the process of identifying and compiling the additional information required to be disclosed under the act; accordingly, the amount of interest paid / payable in view of the management if any, will not be material.

37. Value of imports calculated on CIF basis

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Raw materials	9,50,469	5,13,53,045
Service (professional fees)	99,994	-
	10,50,463	5,13,53,045

38. Expenditure in foreign currency (accrual basis)

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Foreign travel, boarding & lodging	7,87,118	4,53,670
	7,87,118	4,53,670

39. Imported and indigenous raw materials consumed

	% of total consumption		% of total consumption	
	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016
Imported	0.13	9,50,469	4.08	5,13,53,045
Indigenously obtained	99.90	74,16,10,096	95.92	1,20,80,04,663
	100.00	74,25,60,565	100.00	1,25,93,57,708

40. Disclosure under AS-7 (revised 2002)

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

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Contract revenue recognised during the year	3,76,87,80,403	4,55,63,62,405
Aggregate amount of cost incurred and recognised profits [less recognised loss]	20,69,66,69,237	19,83,58,41,327
Amount of customer advances *	78,39,75,940	1,00,76,97,120
Gross amount due from customers *	2,88,02,10,763	2,94,90,24,810
Gross amount due to customers *	73,36,048	9,22,77,262
Retention money *	30,44,69,342	20,84,25,545

* for contracts in progress as at 31st March 2017.

41. Unhedged foreign currency exposure

Particulars	Currency	March 31, 2017		March 31, 2016	
		Amount in Foreign Currency	Amount ₹	Amount in Foreign Currency	Amount ₹
Import trade payables	EURO	-	-	-	-
	USD	2,78,628	1,80,40,272	2,77,128	1,83,30,022
	Total	1,80,40,272		Total	1,83,30,022
Export trade receivables	GBP	76,742	61,87,846	76,742	73,05,631
	Total	61,87,846		Total	73,05,631
Bank balance	KWD	2,211	4,68,836	2,211	4,83,457
	Total	4,68,836		Total	4,83,457

42. Earnings in foreign currency

	March 31, 2017 amount ₹	March 31, 2016 amount ₹
Earnings in foreign currency	8,08,53,414	43,46,14,660
	8,08,53,414	43,46,14,660

43. Revision of estimated revenue, cost and project related provision

- (a) During the current year as per the past practice, the Company has revised the estimated revenue, cost and project related provisions on account of prolongation of the contracts' tenure as per the requirement of the clients owing to uncertainty surrounding completion of the projects which were due to reasons beyond the Company's control. This is being done in line with the general business practice followed in the industry, however additional steps have been initiated for fair estimation of revenue and project related provisions. Accordingly, adjustments on this account and/ also on cost reassessment done during the year been charged/carried out to the Statement of Profit and Loss. (read with below Note No (b).
- (b) The balances of certain trade receivable, loans, unbilled revenue, trade payables (including MSME), other liabilities, (including statutory dues and returns) and loan & advances are subject to confirmation/reconciliation. Management believes that on reconciliation / confirmation, there will not be any material impact on loss for the year and also on state of affairs.
- 44 (A).** Certain statutory dues could not be paid on due dates due to cash flow issues, however, majority of such dues have since been paid along-with interest. Delayed payment charges (penalties), if any, will be accounted for as and when settled/paid. Necessary steps have been initiated for filing / revision of returns. The Company is in the process of strengthening internal control systems in this respect.
- 44 (B).** Subsequent to the balance sheet date search at the premises were carried out by the Service Tax Authority. Management believes that due liability of service tax fully provided for and does not expect any material demand on final assessment.

45. Break up of Deferred Tax is as under,

Computation of Deferred Tax Liability / (Assets)	(amount ₹)	
	As At March 31, 2017	As At March 31, 2016
Deferred Tax Liability on account of:		
Depreciation	4,76,17,675	4,51,03,563
Total (A)	4,76,17,675	4,51,03,563
Deferred Tax Assets on account of :		
Bonus Payable	1,45,53,259	1,27,99,083
Provision for other Employee Benefits	49,53,503	62,28,360
Taxable loss	4,49,26,996	-
Other	3,10,06,524	1,09,20,813
Total (B)	9,54,40,282	2,99,48,256
Deferred Tax Liability / (Assets) – (A-B)	(4,78,22,607)	1,51,55,307

The management is of the view that sufficient future taxable income will be available against which the aforesaid deferred tax asset (net) can be realized.

46. Disclosure on Specified Bank Notes (SBNs)

Particulars	SBNs	Other denomination notes	Total
Closing Cash in Hand on 08.11.2016	10,44,500	49,62,175	60,06,675
Add: Permitted receipts @	-	54,84,153	54,84,153
Less: Permitted payments @	-	71,51,181	71,51,181
Less: Un-Permitted payments @1	9,500	-	9,500
Less: Amount deposited to banks	10,35,000	138	10,35,138
Closing Cash in Hand on 30.12.2016	-	32,95,009	32,95,009

@ Net off of not permitted receipts/payments of ₹ 39,000 from/to employees.

@1 Payment to employees for emergency need

Note: The 'Specified Bank Notes' (SBNs) have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs S.O.3407(E), dated 8 November, 2016.

47. Previous numbers have been regrouped/reclassified to meet current year classification.

As per our report of even date
For LODHA & CO.
 Chartered Accountants
 Firm registration number: 301051E

**For and on behalf of the Board of Directors of
 Petron Engineering Construction Limited**

N. K. Lodha
 (Partner)
 Membership no.: 085155

Ajay Hans
 Managing Director

Ravi Keswani
 Director

Mumbai, July 24, 2017

Himanshu Mohapatra
 Chief Financial Officer

Rashmi Patkar
 Company Secretary



Form No. MGT-11 – Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L45202MH1976PLC019135
Name of the company : PETRON ENGINEERING CONSTRUCTION LIMITED
Registered office : Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai – 400 071

Name of the member (s):	:
Registered address	:
E-mail Id	:
Folio No/ Client Id	:
DP ID	:

I/We, being the member (s) of _____ shares of the above named company, hereby appoint

- Name: _____ Address: _____
E-mail Id: _____
Signature: _____, or failing him
- Name: _____ Address: _____
E-mail Id: _____
Signature: _____, or failing him
- Name: _____ Address: _____
E-mail Id: _____
Signature: _____, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the company, to be held on the Thursday, September 28, 2017 at 3:30 p.m. at The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai – 400 074 and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution No.:

Item No.	Resolutions	For	Against
1.	Adoption of Financial Statements for the year ended March 31, 2017		
2.	Re-appointment of Mr. Ravi Keswani, who retires by rotation		
3.	Ratification of appointment of M/s. Lodha & Co., as Independent Auditors & fixing their remuneration for the F.Y. 2017-18		

Affix
Revenue
Stamp

Signature of shareholder

Date :

Place:

Signature of Proxy holder(s)

*It is optional to indicate your preference. If you leave the 'for or against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- Those members who have multiple folios with different joint holders may use copies of this Attendance slip / proxy form.



PETRON ENGINEERING CONSTRUCTION LIMITED

(CIN: L45202MH1976PLCO19135)

Swastik Chambers, 6th Floor, Sion-Trombay Road, Chembur, Mumbai - 400 071

Tel.: +91-22-4085 6200 Fax: +91-22-4085 6250 / 6797 3509

Email: corporate@petronengineering.com Website: www.petronengineering.com

ATTENDANCE SLIP

For 41st Annual General Meeting to be held on Thursday, September 28, 2017

Registered Folio No. / DP ID No. & Client ID No	
Name and Address of the Shareholder(s)/ Proxy	
Joint Holder 1	
Joint Holder 2	
No. of Shares held	

I/We certify that I/we am/are registered shareholder / proxy / representative for the registered shareholder of the Company. I/ We hereby record my/our presence at the 41st Annual General Meeting of the Company held on Thursday, September 28, 2017 at 3:30 p.m. at The Bombay Presidency Golf Club Ltd., Dr. Choithram Gidwani Road, Chembur, Mumbai – 400 074.

Member's Folio /
DP ID / Client ID

Member's/Proxy's Name
(IN BLOCK LETTERS)

Member's/ Proxy's
Signature

Notes: Please fill in the folio /DP ID / Client ID No., name and sign the Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF MEETING HALL.

E-COMMUNICATION REGISTRATION FORM

Dear Members,

This Ministry of Corporate Affairs and the Securities and Exchange Board of India have commenced Green Initiative by allowing paperless compliances by Companies. The Companies can send Annual Report and General Notices in electronic mode to members who have registered their email addresses for the purpose.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow members to contribute towards a Greener Environment. This is a golden opportunity for every member of Petron Engineering Construction Limited to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our members to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the attached registration form from our website www.petronengineering.com

Let's be part of this "Green Initiative"!

Please note that as a Member of the Company you will be entitled to receive all such communication in physical form, upon request.

Best Regards,

Rashmi Patkar
Company Secretary

Folio No./ DP ID and Client Id	:	
Name of the member (s)	:	
Registered Address	:	
E-mail Id (to be registered)	:	
DP ID	:	
I/We shareholders(s) of PETRON ENGINEERING CONSTRUCTION LIMITED agree to receive communication from the Company in electronic mode. Please register my above e-mail address in your records for sending communication through e-mail.		
Date:		Signature:_____



41st ANNUAL REPORT FY 2016-17

PETRON ENGINEERING CONSTRUCTION LIMITED

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