Petron Engineering Construction Limited

PECL/LEGAL/2015-16/BSE/NSE/2016 May 31, 2016

The BSE Ltd.,
Corporate Relationship Department
25th Floor, P.J. Towers
Dalal Street, Fort,
MUMBAI 400 001.
Kind Attn.: Ms. Sapna Mathukia
Relationship Manager
Corporate Relationship Dept.

Listing Compliance Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East),
MUMBAI 400 051.
Kind Attn. : Mr. C. Dharod / Mr. V. Vyas

Dear Sirs,

Ref.: ISIN : INE742A01019

Sub : Outcome of Board Meeting:

I. **Published Audited Financial Results of the Company for the Financial Year 2015-16**
II. **Recommendation of Dividend**
III. **Period of Book Closure**
IV. **Date of Annual General Meeting (AGM)**
V. **Change in Registrars and Share Transfer Agents**

With reference to our letter dated 18th May, 2016 and 30th May, 2016 and in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we have to inform your that a meeting of the Board of Directors was convened on 30th May, 2016 which could not be concluded and hence was adjourned to 31st May, 2016.

Pursuant to Regulation 30(2) read with Schedule III (Part-A) of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Board of Directors would like to inform you as under :

I. Taken on record the Audited Financial Results of the Company for the Quarter and Year Ended 31st March, 2016 pursuant to Reg. 33 of the Listing Regulations. (Extract attached alongwith Auditors' Report).

II. No Dividend has been recommended for the Financial Year ended 31st March, 2016, due to inadequate profits.

III. In accordance with Regulation 42 of the Listing Regulations and pursuant to Section 91 of the Companies Act, 2013, the Book Closure has been fixed as under :

Security Code	Type of Security & Paid-up value	Book Closure From	Book Closure To	Purpose
530381	Equity Shares of Rs. 10/- each	Friday 16-09-2016 TO (Both Days Inclusive)	Friday 23-09-2016	Annual Book Closure

IV. Decided that the AGM of the Company would be held on Friday, 23rd September, 2016.

V. The Company has decided to appoint M/s. LINK INTIME India Pvt. Ltd., having its Registered Office at C-13 Pannalal Silk Mills Compound, L B S Marg, Bhandup West, Mumbai 400 078, who are duly registered with the Securities and Exchange Board of India (SEBI) under SEBI (Registrars to an issue and Share Transfer Agents) Regulations, 1993 as Registrar and Share Transfer Agents for the Equity shares / any other securities of the Company w.e.f. 1st July, 2016, in place of M/s. Sharepro Services (India) Pvt. Ltd.

The meeting commenced at 2.30 p.m. and continued upto 7.00 p.m. on 30th May, 2016, thereafter it was adjourned to 31st May, 2016 which commenced at 5.00 p.m. and concluded at 10.15 p.m.

These results are also being made available on the Company's Website at www.petronengineeting.com / Press Release.

Kindly take the same on your records.

Thanking you,

Yours faithfully,
For PETRON ENGG. CONSTN. LTD.,

NARESH SHAH
SR. V. P. (LEGAL) & COMPANY SECRETARY

Encl. As stated
Nvs.rr

Petron Engineering Construction Limited
Regd. Office: 6th Floor, Swastik Chambers, Sion-Trombay Road, Chembur, Mumbai-400071
Tel No.+91-22-4085 6200, Fax No.+91-22-4085 6250, Email: corporate@petronengineering.com, Website: www.petronengineering.com, CIN: L45202MH1976PLC019135

STATEMENT OF RESULTS FOR THE QUARTER (UNAUDITED) AND YEAR (AUDITED) ENDED 31ST MARCH, 2016

Rupees in Lacs

Particulars	Quarter Ended			Year Ended	
	31st March 2016	*31st December 2015*	*31st March 2015*	*31st March 2016*	*31st March 2015*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Audited)*
1 **Income from Operations**					
(a) Net Sales/Income from Operations (net of service tax, sales tax & excise duty)	10,216	10,244	12,404	42,155	41,368
(b) Other Operating Income	6	16	8	36	50
Total Income Operations (Net)	**10,222**	**10,260**	**12,412**	**42,191**	**41,418**
2 **Expenditure**					
(a) Cost of Materials Consumed	3,566	2,406	4,852	12,593	14,733
(b) Changes in Project inventories	1	-	(70)	69	(70)
(c) Sub-contracting expenses	3,286	3,590	2,973	13,258	10,499
(d) Employees Benefits Expense	1,585	2,078	1,968	7,911	8,146
(e) Depreciation and Amortisation Expense	168	175	213	728	978
(f) Other expenditure	1,241	1,346	1,259	5,338	4,959
Total	**9,847**	**9,595**	**11,195**	**39,897**	**39,245**
3 **Profit/(Loss) from Operations before Other income, Finance cost and Exceptional items**	**375**	**665**	**1,217**	**2,295**	**2,173**
4 Other Income	211	151	569	682	851
5 **Profit/(loss) from ordinary activities before Finance Cost and Exceptional items**	**586**	**816**	**1,786**	**2,977**	**3,024**
6 Finance Cost	573	632	623	2,459	2,838
7 **Profit/(Loss) from ordinary activities after Finance costs but before Exceptional items**	**13**	**184**	**1,163**	**518**	**186**
8 Exceptional items	-	-	-	-	-
9 **Net Profit / (Loss) from ordinary activities before tax**	**13**	**184**	**1,163**	**518**	**186**
10 Tax Expenses	(37)	14	159	81	124
11 **Net Profit/ (Loss) from ordinary activities after tax**	**50**	**170**	**1,004**	**437**	**62**
12 Extraordinary items (net of taxes Rs.Nil)	-	-	-	-	-
13 **Net Profit/ (Loss) for the period**	**50**	**170**	**1,004**	**437**	**62**
14 Paid-up equity share capital (Face Value: Rs.10/- per equity share)	754	754	754	754	754
15 Reserve excluding Revaluation Reserves	-	-	-	15,267	14,831
16 Earnings per Share (EPS) (of Rs 10/- each) (not annualised)					
(a) Basic and diluted EPS before Extraordinary items	0.67	2.26	13.32	5.79	0.82
(b) Basic and diluted EPS after Extraordinary items	0.67	2.26	13.32	5.79	0.82

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Petron Engineering Construction Limited

Statement of Assets and Liabilities

Rupees in Lacs

Particulars	As at 31st March 2016 (Audited)	As at 31st March 2015 (Audited)
A EQUITY AND LIABILITES		
1 Shareholders' funds		
(a) Share Capital	754	754
(b) Reserves and surplus	15,824	15,387
Sub-total- Shareholders' funds	**16,578**	**16,141**
2 Non-current liabilities		
(a) Long-term borrowings	650	1,516
(b) Deferred tax liabilities (net)	152	74
(c) Other long-term liabilities	1,219	1,877
(d) Long-term provisions	115	126
Sub-total- Non-current liabilities	**2,136**	**3,593**
3 Current liabilities		
(a) Short-term borrowings	11,083	11,944
(b) Trade Payable	13,518	12,641
(c) Other Current liabilities	19,138	16,736
(d) Short term provisions	143	262
Sub-total Current liabilities	**43,882**	**41,582**
TOTAL - EQUITY AND LIABILITIES	**62,596**	**61,316**
B ASSETS		
1 Non-current assets		
(a) Fixed assets	6,635	7,254
(b) Non-current Investments (Cost Rs. 1,000)	-	0.01
(c) Long-term loans and advances	4,343	4,082
(d) Other non-current assets	4,656	9,465
Sub-total- Non-current assets	**15,634**	**20,801**
2 Current assets		
(a) Inventories	57	253
(b) Trade receivables	14,361	16,435
(c) Cash and cash equivalents	1,807	1,489
(d) Short-term loans and advances	3,626	1,737
(e) Other current assets	27,111	20,601
Sub-total- Current assets	**46,962**	**40,515**
TOTAL - ASSETS	**62,596**	**61,316**

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Notes:

1 The above financial results have been reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings which commenced on 30th May, 2016 and concluded on 31st May 2016.

2 The Company is primarily engaged in the business of "Engineering, Procurement & Construction" and operates in a single business segment based on the nature of the products and services, the risks and returns etc. Accordingly, these financial results have been prepared for this single segment.

3 The previous period / year figures have been regrouped/reclassified to make them comparable with that of current period / year wherever necessary.

4 The Auditors have commented on,

Auditors' Qualification	Company's Response
(a) In respect of certain suspended / delayed contracts as of 31st March, 2016, trade receivables of Rs.1,923 lacs (net of mobilization advance of Rs. 2,934 lacs) (as at 31st Dec ., 2015 and 31st March, 2015 Rs. 1,128 lacs and Rs.1,501 lacs net of mobilization advance of Rs.4,211 lacs and Rs.4,240 lacs respectively) And unbilled revenue of Rs.6,256 lacs (as at 31st Dec 2015 and 31st March 2015 Rs. 7,805 lacs and Rs.7,756 lacs respectively) receivables from customers are pending confirmation/ negotiation; trade payables w.r.t. these stated customers aggregated to Rs. 819 lacs (as at 31st Dec 2015 and 31st March 2015 Rs.1,206 lacs and Rs.1,323 lacs respectively) are subject to negotiation/ confirmation, where we are unable to comment on the same and its corresponding impact on profit and assets / liabilities as at that date. This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter / year ended 31stMarch 2015 and in our limited review report for the quarter ended 31st Dec, 2015.	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. In March 2015 and subsequently in the current year, the company had meetings with the client wherein the client has confirmed that they are in discussions with various prospective investors for financial support to restart the project. Considering the recent developments, the management is confident 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, 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 confident of its recovery 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. In the current year the company was successful in ariving settlement with one client which has resulted in reduction in unbilled revenue. 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.
(b)The company has recognised revenue of Rs.1,353 lacs during earlier periods (till 31st Dec 2015 Rs1,353/- lacs)(till 31st March 2015 Rs.2,555/- lacs) on account of cost overruns on certain contracts, pending acceptance / confirmation from customers and our inability to comment on the amounts ultimately receivable in respect of these contracts and its impact on the reported profit for the quarter/ year ended 31st March' 2016 and corresponding assets as on date .This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter / year ended 31st March' 2015 and in our limited review report for the quarter ended 31st Dec, 2015.	The contracts have provisions for issuance of change orders due to modifications in specifications, scope and methodology of execution of work, escalation in rates due to prolongation of the contracts . During execution of works, some of the specifications, scope, methodology of execution have undergone changes for which change order requests have been sent to the respective clients. The management is confident of receiving the recognised revenue after completion of pending formalities in due course of time.
(c) the Company has recognised revenues of Rs. 1,621 lacs during nine months period ended 31st Dec'2015 (till 31st March 2015 Rs.1,301 lacs) , on account of cost overruns on certain contracts, which are not in accordance with the principles set out in the Accounting Standards AS-7 'Construction Contracts '. Accordingly the Revenue and profit is higher by Rs.1,621 lacs for the year ended 31st March 2016 and also balance in retained earnings and unbilled revenue balance as at 31st March 2016 is higher by Rs.2,922lacs (as at 31st March 2015 by Rs.1,301 lacs) . This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter/ year ended 31st March 2015 and in our limited review report for the quarter ended 31st Dec, 2015.	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.

LODHA & CO. New Delhi Chartered Accountants

PETRON ENGINEERING CONSTN LTD. CHEMBUR MUMBAI-71.

For Petron Engineering Construction Limited

Ajay Hans
Managing Director
DIN 03068249

Mumbai, 31st May, 2016

LODHA
& CO
Chartered Accountants

12, Bhagat Singh Marg, New Delhi - 110 001, India
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Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Independent Auditor's Report

To The Board of Directors Of
Petron Engineering Construction Limited

1. We have audited the accompanying statement of financial results of **Petron Engineering Construction Limited** ('the Company') for the quarter ended March 31st, 2016 and the financial results for the year ended March 31st, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31st, 2016 and the published year-to-date figures up to December 31st, 2015, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter and year to date ended March 31st, 2016 have been prepared on the basis of the financial results for the nine-month period ended December 31st, 2015, the audited annual financial statements as at and for the year ended March 31st, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31st, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25 "Interim Financial Reporting", Interim Financial Reporting, specified under the Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

LODHA & CO. New Delhi Chartered Accountants

3. Basis for qualified opinion

i) Note no. 4(a) of the accompanying statement in respect of certain suspended / delayed contracts as of 31st March, 2016, trade receivables of Rs.1,923 lacs (net of mobilization advance of Rs. 2,934 lacs) (as at 31st Dec 2015 and 31st March 2015 Rs. 1,128 lacs and Rs.1,501 lacs net of mobilization advance of Rs.4,211 lacs and Rs.4,240 lacs respectively) And unbilled revenue of Rs.6,256 lacs (as at 31st Dec 2015 and 31st March 2015 Rs. 7,805 lacs and Rs.7,756 lacs respectively) receivables from customers are pending confirmation/ negotiation; trade payables w.r.t. these stated customers aggregated to Rs. 819 lacs (as at 31st Dec 2015 and 31st March 2015 Rs.1,206 lacs and Rs.1,323 lacs respectively) are subject to negotiation/ confirmation, where we are unable to comment on the same and its corresponding impact on profit and assets / liabilities as at that date. This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter / year ended 31stMarch 2015 and in our limited review report for the quarter ended 31st Dec, 2015.

ii) Note no. 4(b) of the accompanying statement of financial results, the company has recognised revenue of Rs.1,353 lacs during earlier periods (till 31st Dec 2015 Rs1,353/- lacs)(till 31st March 2015 Rs.2,555/- lacs) on account of cost overruns on certain contracts, pending acceptance / confirmation from customers and our inability to comment on the amounts ultimately receivable in respect of these contracts and its impact on the reported profit for the quarter/ year ended 31st March' 2016 and corresponding assets as on date. This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter / year ended 31st March' 2015 and in our limited review report for the quarter ended 31st Dec, 2015.

iii) Note no.4(c) of the accompanying financial results, the Company has recognised revenues of Rs. 1,621 lacs during nine months period ended 31st Dec'2015 (till 31st March 2015 Rs.1,301 lacs) , on account of cost overruns on certain contracts, which are not in accordance with the principles set out in the Accounting Standards AS-7 'Construction Contracts '. Accordingly the Revenue and profit is higher by Rs.1,621 lacs for the year ended 31st March 2016 and also balance in retained earnings and unbilled revenue balance as at 31st March 2016 is higher by Rs.2,922 lacs (as at 31st March 2015 by Rs.1,301 lacs) . This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter/ year ended 31st March 2015 and in our limited review report for the quarter ended 31st Dec, 2015.

4. In our opinion and to the best of our information and according to the explanations given to us, these quarterly financial results as well as the year to date results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

(ii) *Subject to paragraph 3 above*, give a true and fair view of the net profit and other financial information for the quarter / year ended March 31st, 2016.

LODHA & CO. New Delhi Chartered Accountants

5. Emphasis of Matter

Attention is drawn to:

i) Regarding pending confirmation / reconciliation of balances of certain trade receivable, other liabilities and loan & advances as at 31st March 2016, where the management is confident that there will not be any material impact on confirmation / reconciliation on profit for the year quarter / year.

ii) Based on the information and explanation provided, in our opinion, the company has system of internal financial control over financial reporting in place, however the company needs to further improve in regard to project cost estimation process [read with para (i) above].

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

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

N.K. LODHA
Partner
M.No. 85155

LODHA & CO. New Delhi Chartered Accountants

3/3

Place: New Delhi

Date: 31st May 2016