PECL/BSE-NSE-OBM/2017-18

September 28, 2017

To
The Secretary – Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

To
The Secretary – Listing Department
National Stock Exchange Limited
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex, Bandra East
Mumbai – 400051

Sub.: Outcome of the Board Meeting – Financial Result for quarter ended June 30, 2017

Dear Sir,

This is to inform you that the Board of Directors at its meeting held today Thursday, September 28, 2017, *inter alia,* considered and approved the following:

(1) Unaudited Financial Result for the quarter ended June 30, 2017
(2) Limited Review Report of the Statutory Auditors of the Company on the Unaudited Financial Results for the quarter ended on June 30, 2017
(3) Ms. Nandita Gupta, Independent and Non-executive Director has resigned from Directorship w.e.f. September 25, 2017
(4) Mr. Ajay Hans, Managing Director has resigned from the position of Managing Director and will continue as a Non-Executive Director of the Company w.e.f. closing hours of September 28, 2017.

The meeting commenced at 7:00 pm and concluded at ۱۵.۵۶ pm.

Kindly take the same on your record.

Thanking You,

Yours faithfully,
For **Petron Engineering Construction Limited**

Rashmi

Rashmi Patkar
Company Secretary

Encl.: As above

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: L45202MH1976PLC01913

EXTRACT OF AUDITED RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2017

Rupees in Lacs

Particulars	Quarter Ended	
	30th June 2017	*30th June 2016*
	(Unaudited)	*(Unaudited)*
Total Income from operations (Net)	8,751	8,242
Profit/(Loss) from ordinary activities after tax	(382)	17
Profit/(Loss) from ordinary activities after tax (after Extraordinary items)	(382)	17
Equity Share Capital	754	754
Earnings per Share (EPS) (of Rs 10/- each) (not annualised) (a) Basic and diluted EPS	(5.07)	0.23

PETRON ENGINEERING CONSTN. LTD. CHEMBUR MUMBAI-71

Notes:

1 The above financial results for the quarter ended 30th June 2017 have been reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings held on 28th September, 2017 and also Statutory Auditors have carried out a "limited review" of the results for the quarter ended 30th June 2017 only. The Ind AS compliant corrosponding figures of quarter ended 30th June 2016 have not been subjected to limited review by the auditors. The Company has excercised necessary due diligence to ensure that such financial results provided true and fair view of affairs/results.

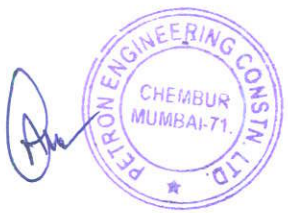
2 (a)The date of transition to Ind AS is 01 April 2016.These results have been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act 2013 and other recognised accounting practices and policies to the extent applicable.. Consequently, results for the quarter ended 30th June 2016 have been restated to comply with Ind-AS to make them comparable.

(b) There is possibility that these quarterly financial results along with the opening balance sheet as on 01st April 2016 may require adjustment before constituting the final Ind-AS financial statements as of and for the year ending March 31, 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by Ministry of Corporate Affairs or changes in the use of one or more optional exemptions from full retrospective application as permitted under Ind-AS 101.

3 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.

4 The Auditors have commented on,

Auditors' Qualification	Company's Response
(a) In respect of certain suspended / delayed contracts , as of 30th June 2017 , trade receivable of Rs. 1,700 lacs (net of mobilization advance and provisions of Rs. 2,934 lacs) (as of 30th June 2016, trade receivable of Rs. 1,823 lacs, net of mobilization advance and provisions of Rs. 2,934 lacs) and unbilled revenue of Rs. 6,256 lacs (Rs. 6,256 lacs as at 30th June , 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 Rs. 815 lacs (Rs. 823 lacs as at 30th June 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 profit for the three months on 30th June, 2017 and its corresponding impact on assets / liabilities as at that date. This matter was also qualified in our Limited Review report for the quarter ended 30th June, 2016.	The matter mainly relates to a mega project (the largest private investment in the region) - which was 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 had confirmed that they were in discussions with various prospective investors for financial support to restart the project. However, it could not get materlialised and thereupon financial creditors have invoked provisions of Insolvancy and Bankcrutcy Code, 2016. Accordingly, NCLT has appointed a Resolution Professional (RP). We have submitted our claims to the RP. Our claim includes unpaid bills, unbilled revenue and unfinished works and other claims for Rs.370 crores. The resolution process for revival is currently under process.Company expects to receive reasonable amount on revival 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. A portion of receivables has been realised in the current quarter. 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) Rs. 2,922 lacs of revenue recognized till 31st March 2017 (amount for quarter Rs. NIL and till 30th June, 2016 Rs. Lacs 2,922 lacs), on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the AS- 7 'Construction Contracts' (corresponding to Ind AS -11 'Construction Contracts') and consequently balance in retained earnings and unbilled revenue balance as at 30th June, 2017 is higher by Rs. 2,922 lacs (as at 30th June, 2016 Rs. 2,922 lacs). This matter was also qualified in our Limited Review report for the quarter ended 30th June, 2016.	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.
(C). There are delays in payment of certain statutory dues and non- submission /delay in filing of certain statutory returns where we are unable to comment in respect of loss for the quarter. Company needs to further strengthen internal control system in this regard.	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.

5 The reconciliation of profit after tax as previously reported on account of transition from previous Indian GAAP to Ind- AS for the quarter ended 30th June 2016 are as under:

Particulars	Quarter ended June'2016 (Rs in Lacs)
Profit after tax as reported under previous GAAP	16.56
Adjustments of security deposits	(0.17)
Loan processing charges amortisation	(0.63)
Deferred tax on Ind-AS adjustments	1.72
Net Comprehensive Income for the period under Ind AS	17.48

6 The previous period figures have been regrouped/rearranged / recast to make them comparable with that of current period wherever necessary.

For Petron Engineering Construction Limited

PETRON ENGINEERING CONSTN. LTD. CHEMBUR MUMBAI-71

Ajan Hans
Managing Director
DIN 03068249

Mumbai, 28th September, 2017

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 UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2017

Rupees in Lacs

	Particulars	Quarter Ended	
		30th June 2017	*30th June 2016*
		(Unaudited)	*(Unaudited)*
1	**Income from Operations**		
	(a) Net Sales/Income from Operations (net of service tax & sales tax)	8,740	8,225
	(b) Other Operating Income	11	17
	Total Income from Operations (Net)	8,751	8,242
2	Other Income	140	94
3	**Total Revenue (1+2)**	8,891	8,336
4	**Expenditure**		
	(a) Cost of Materials Consumed	2,920	2,173
	(b) Purchase of trading goods	705	510
	(b) Changes in Project inventories	(13)	(1)
	(c) Sub-contracting expenses	2,311	2,149
	(d) Employee Benefits Expense	1,608	1,747
	(e) Finance Cost	540	514
	(f) Depreciation and Amortisation Expense	170	171
	(g) Other expenditure	1,170	1,049
	Total	9,411	8,312
5	**Profit/(Loss) before exceptional item and tax**	(520)	24
6	Exceptional items Gain / (Loss)	-	-
7	**Profit/(loss) before tax**	(520)	24
	Tax Expenses		
11	(a) Current tax	-	-
	(b) Tax for earlier years (net)	(35)	-
	(c) Deferred tax	173	(7)
14	**Net Profit/ (Loss) for the period**	(382)	17
15	Other comprehensive income (net of tax)	-	-
16	Total comprehensive income for the period (comprising profit/(loss) for the period (after tax) and other comprehensive income (after tax))	(382)	17
17	Paid-up equity share capital (Face Value: Rs.10/- per equity share)	754	754
18	Earnings per Share (EPS) (of Rs 10/- each) (not annualised)		
	(a) Basic and diluted EPS	(5.07)	0.23

LODHA & CO. New Delhi Chartered Accountants

PETRON ENGINEERING CONSTRUCTION LTD. CHEMBUR MUMBAI

Notes:

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2 (a)The date of transition to Ind AS is 01 April 2016.These results have been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act 2013 and other recognised accounting practices and policies to the extent applicable.. Consequently, results for the quarter ended 30th June 2016 have been restated to comply with Ind-AS to make them comparable.

(b) There is possibility that these quarterly financial results along with the opening balance-sheet as on 01st April 2016 may require adjustment before constituting the final Ind-AS financial statements as of and for the year ending March 31, 2018 due to changes in financial reporting requirements arising from new or revised standards or interpretations issued by Ministry of Corporate Affairs or changes in the use of one or more optional exemptions from full retrospective application as permitted under Ind-AS 101.

3 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.

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(b) Rs. 2,922 lacs of revenue recognized till 31st March 2017 (amount for quarter Rs. NIL and till 30th June, 2016 Rs. Lacs 2,922 lacs), on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the AS- 7 'Construction Contracts' (corresponding to Ind AS -11 'Construction Contracts') and consequently balance in retained earnings and unbilled revenue balance as at 30th June, 2017 is higher by Rs. 2,922 lacs (as at 30th June, 2016 Rs. 2,922 lacs). This matter was also qualified in our Limited Review report for the quarter ended 30th June, 2016.	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.
(C). There are delays in payment of certain statutory dues and non- submission /delay in filing of certain statutory returns where we are unable to comment in respect of loss for the quarter. Company needs to further strengthen internal control system in this regard.	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.

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LODHA & CO. New Delhi Chartered Accountants

For Petron Engineering Construction Limited

Ajan Hans
Managing Director
DIN 03068249

Mumbai, 28th September, 2017

LODHA
& CO

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

Limited Review Report

Independent Auditor's Review Report to
The Board of Directors of
Petron Engineering Construction Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of **Petron Engineering Construction Limited** ('the Company') for the quarter ended 30th June 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016.

   Attention is drawn to the fact that the figures for corresponding quarter (quarter ended 30th June 2016) including the reconciliation of net profit for the corresponding quarter under Ind AS vis-a-vis under previous GAAP, as reported in these financial results have been approved by the company's Board of Directors, have not been subjected to review.

   This Statement is the responsibility of the Company's management and has been approved by the Board of Directors of the Company in their meeting held on 28th September, 2017. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE 2410) "Review of Interim financial information performed by the Independent Auditor of the Entity" , issued by The Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance about whether the financial results are free of material misstatement(s). A review is limited primarily to enquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. **Basis for qualified opinion**

   Attention is drawn to:

   i) Note no. 4(a) of the accompanying statement of unaudited financial results in respect of certain suspended / delayed contracts , as of 30th June 2017 , trade receivable of Rs.

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1,700 lacs (net of mobilization advance and provisions of Rs. 2,934 lacs) (as of 30th June 2016, trade receivable of Rs. 1,823 lacs, net of mobilization advance and provisions of Rs. 2,934 lacs) and unbilled revenue of Rs. 6,256 lacs (Rs. 6,256 lacs as at 30th June, 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 Rs. 815 lacs (Rs. 823 lacs as at 30th June 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 profit for the three months on 30th June, 2017 and its corresponding impact on assets / liabilities as at that date.

This matter was also qualified in our Limited Review report for the quarter ended 30th June, 2016.

ii) As stated in Note no. 4 (b) of accompanying statement of unaudited financial results , Rs. 2,922 lacs of revenue recognized till 31st March 2017 (amount for quarter Rs. NIL and till 30th June, 2016 Rs. Lacs 2,922 lacs), on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the AS- 7 'Construction Contracts' (corresponding to Ind AS -11 'Construction Contracts') and consequently balance in retained earnings and unbilled revenue balance as at 30th June, 2017 is higher by Rs. 2,922 lacs (as at 30th June, 2016 Rs. 2,922 lacs).

This matter was also qualified in our Limited Review report for the quarter ended 30th June, 2016.

iii) As stated in Note No. 4(c) regarding delays in payment of certain statutory dues and non-submission /delay in filing of certain statutory returns where we are unable to comment in respect of loss for the quarter. Company needs to further strengthen internal control system in this regard.

4. **Emphasis of matter**

We draw attention to the followings:

i) Regarding pending confirmation /reconciliation of balances of certain trade receivable, unbilled revenue, other liabilities (including statutory dues and returns)

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and loan & advances as at 30th June , 2017, where the management is confident that there will not be any material impact on confirmation /reconciliation on for the quarter ended 30th June, 2017.

ii) 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.

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

5. In our opinion and to the best of our information and according to the explanations given to us, *except possible effect of our observation reported in para 3 above* nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards i.e. Ind AS prescribed u/s 133 of the Companies Act , 2013 read with relevant rules issued there under and other recognised accounting practices and policies generally accepted in India , and has not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated July 5th, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

(GAURAV LODHA)
Partner
M. No. 507462
Place: New Delhi
Date: 28th September,2017

LODHA & CO. New Delhi Chartered Accountants