

**LODHA
& CO**

Chartered Accountants

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To

**The Board of Directors,
 Petron Engineering Construction Limited**

Subject: Limited Review Report for the Quarter Ended 30th Sept' 2015

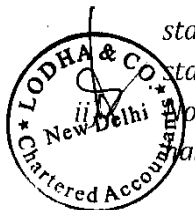
1. We have reviewed the accompanying statement of unaudited financial results ("the statement") of **Petron Engineering Construction Limited** ("the Company") for the quarter and six months ended 30th September' 2015 being submitted by the Company pursuant to requirements of Clause 41 of the Listing Agreement with the Stock Exchange except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. We have also reviewed Statement of Assets and Liabilities of the Company as on that date. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements 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 as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Attention is drawn to the following qualifications :

- i) *Note no. 4(a) of the accompanying unaudited statement of financial results in respect of certain suspended / delayed contracts , as of 30th Sept' 2015 , trade receivables and unbilled revenue of Rs.1,128 lacs (quarter ended 30th June 2015 Rs.1,425 lacs) (FY ended 31st March 2015 Rs.1,501 lacs) (net of provisions and mobilization advances of Rs. 4,211 lacs (quarter ended 30th June 2015 Rs.4,240 lacs) (FY ended 31st March 2015 Rs.4,240 lacs)) and Rs.7,784 lacs respectively (quarter ended 30th June 2015 Rs.7,756 lacs) (FY ended 31st March 2015 Rs.7,756 lacs) are doubtful of recovery and the balances receivables from the customers are pending confirmation/ negotiation . Further, the trade payables aggregated to Rs. 1,206 lacs (quarter ended 30th June 2015 Rs.1,206 lacs) (FY ended 31st March 2015 Rs.1,323 lacs) in respect of above mentioned contracts are also subject to final negotiation/ confirmation. We are unable to comment upon the status of amount receivables / payables on the reported profit for the three months/six months period ended on 30th Sept 2015 and its corresponding impact on 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/ half year ended 30th Sept 2014 and audit report on the financial statements for the year ended 31st March 2015.

- ii) *Note no. 4(b) of the accompanying statement of unaudited financial results , the company has recognised revenue of Rs.1,353 (till 30th June 2015 Rs.2,426/- 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 three months / half year ended 30th Sept 2015 and corresponding impact on the state of affairs as on date ,cannot be commented presently . This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter/ half year ended 30th Sept 2014 and audit report on the financial statements for the year ended 31st March 2015.

- iii) Note no. 4(c) of the accompanying unaudited financial results , the Company has recognised revenues of Rs. 1,597 lacs (till 31st March 2015 Rs.1301 lacs) during the three months period ended 30th Sept ' 2015 , 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 for the three months / half year period ended 30th Sept 2015 is higher by Rs. 1,597 lacs and also balance in retained earnings and unbilled revenue balance as at 30th Sept 2015 is higher by Rs.2,898 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/ half year ended 30th Sept 2014 and audit report on the financial statements for the year ended 31st March 2015.

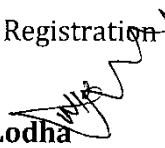
Our Limited Review report on the results for the quarter ended 30th June 2015 was also modified in respect of the matters reported above (i) to (iii) .

4. Except for the possible effect of the matters stated in paragraph 3(i) , (ii) & (iii) **under the heading qualifications** above , based on our review conducted as above, we report that, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards referred to in section 133 of The Companies Act , 2013 , read with Rule 7 of the Companies (Accounts) Rules,2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For LODHA & Co.

Chartered Accountants

Firm Registration No. 301051E


N.K Lodha

(Partner)

Membership No. 85155

Place: Mumbai

Dated: 14/11/2015

