

PECL/LEGAL/BSE-NSE/2019

February 14, 2019

To:
The Secretary - The Listing Department
BSE Limited,
P J Towers 25th Floor,
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 / Madam,

Sub: Unaudited Financial Results for the quarter and nine months ended 31st December, 2018

This is to inform you that the undersigned, Mr. Udayraj Patwardhan, Resolution Professional (Regn. No. IBBI/IPA-001/IP-P00024/2016-17/10057) appointed by the Hon'ble National Company Law Tribunal vide its Order dated 06.08.2018 in C.P. No. (I.B.)-1374/9/(MB)/2017 MA 500/2018 has duly considered and approved the Unaudited Financial Results of the Company for the Quarter and Nine months Ended 31st December, 2018 which has been prepared by the Management of the Company.

Please find enclosed herewith the following :

- 1) Unaudited Financial Results for the Quarter and Nine Months Ended 31st December, 2018.
- 2) Limited Review Report of the Statutory Auditors of the Company for the Quarter Ended 31st December, 2018.

The meeting commenced at 18.30 and concluded at 21.00 P.m.

Kindly take the same on your records.

Thanking you,

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



Mr. Udayraj Patwardhan,
Resolution Professional
Reg. No. IBBI/IPA-001/IP-P00024/2016-2017/10057

Encl: as stated
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

EXTRACT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31st DECEMBER 2018

Particulars	Quarter Ended			Nine Months Ended		Rupees in Lacs
	31st December 2018	30th September 2018	31st December 2017	31st December 2018	31st December 2017	Year Ended 31st March 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total Income from operations (Net)	2,906	3,589	4,098	10,240	19,632	23,392
Profit/(Loss) from ordinary activities after tax	(341)	(861)	(5,854)	(2,286)	(6,988)	(17,313)
Profit/(Loss) from ordinary activities after tax (after Extraordinary items)	(341)	(861)	(5,854)	(2,286)	(6,988)	(17,334)
Equity Share Capital	754	754	754	754	754	-
Earnings per Share (EPS) (of Rs 10/- each) (not annualised)						
(a) Basic and diluted EPS	(4.52)	(11.42)	(77.65)	(30.33)	(92.70)	(229.67)



Notes:

- 1 The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, had admitted the petition filed by an operational Creditor for initiating Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC) vide its Order dated March 23, 2018. Pursuant to the said order of NCLT and in line with the provisions of IBC presently all the powers of the Board of Directors are exercised by the RP during the insolvency resolution proceedings period.

A Committee of Creditors (CoC) was formed on May 4, 2018 under Section 21 of the IBC. Pursuant to the order passed by the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench on 6.08.2018, Mr. Udayraj Patwardhan is appointed as the Resolution Professional (RP), who took charge w.e.f. 9th August 2018 in place of Interim Resolution Professional. Consequent to the resignation of all the Directors of the Company prior to the Order of NCLT, at present there are no members in the Board of Directors. Hence, the above results have been considered and signed by the RP for filing with the Stock Exchanges.

As the CIRP is currently in progress and Resolution Professional is running the Company as a going concern as stipulated by law, Financial statements have been prepared on 'going concern' basis. However, the CIRP period will end on 17th February 2019.

Resolution plan was submitted by one of the resolution applicant which was not approved by CoC. The Company may face liquidation process under IBC 2016 and regulations thereunder, if, no resolution plan is approved by the Honourable NCLT. The CoC in the meeting held on 14th February 2019 have resolved that the company may be liquidated under liquidation as 'going concern'.

- 2 The Company is primarily engaged in the business of "Engineering, Procurement & Construction" and operates in a single operating 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 RP of the company has considered the financial results and the Auditors of the Company have carried out "Limited Review" of the above financial results for the quarter and nine months ended 31st December 2018.
- 4 The Auditors have commented on,

Auditors' Qualification	Company's Response
(a) In respect of certain suspended / delayed contracts, as of 31st December, 2018, trade receivable of Rs. 246 lakhs (net of mobilization advance and provisions of Rs. 11 lakhs) (trade receivable of Rs. 255 lakhs as of 30th September 2018, Rs. 331 lakhs as of 31st March 2018 and Rs. 1693 lacs as of 31st December 2017 respectively, net of mobilization advance and provisions of Rs. Nil, Rs.3 lakhs and Rs. 2,934 lakhs respectively as at 30th September 2018, 31st March 2018 and 31st December 2017) are doubtful of recovery and pending for confirmation/negotiation. We are unable to comment about the status of amount receivables / payables on the reported loss for the quarter and nine months period ended 31st December 2018 and its corresponding impact on assets / liabilities as at that date.	The Company is making various efforts to recover the outstanding Trade receivable and is hopeful of recovery. The reconciliation of accounts and negotiations are in progress.
b) Various claims submitted by the financial creditors {including claims filed by ArcelorMittal India Private Limited as stated in note no. 6(b)}, operational creditors, other creditors and employees of the Company to the Resolution Professional (RP) pursuant to the Insolvency and Bankruptcy Code, 2016 are currently under consideration/verification/reconciliation. Pending completion of exercise of final verification / reconciliation and admission and recognition of such claims by RP, we are unable to comment on the consequential impact, if any, on the reported loss for the quarter and nine months period ended 31st December 2018 and its corresponding impact over state of affairs as on that date.	The Company is in the process of reconciling the accounts with the parties concerned. Accounting effect, if any, to the same would be made after completing the final reconciliation with the said creditors. The claims accepted by Resolution Professional may not directly have an effect on the balances reflected in the books of accounts.



c) Balances of certain trade receivable, unbilled revenue, trade payables (including MSME), secured loans (including banks), bank guarantees and unsecured loans, bank balances, current liabilities, other liabilities (including statutory dues and returns) and loan & advances (including from related parties) (read with para (b) above) are subject to confirmation/reconciliation, where we are unable to comment on the same and its corresponding impact over reported loss for the quarter and six months period and related components of financial statements as on date.	Because of the CIRP many of the creditors have referred their claims as on the Insolvency commencement date, i.e. 23rd March, 2018 which can be construed as balance confirmations. Wherever there is a difference between the books and the creditors claim, reconciliation work is under way. As far as the receivable is concerned the balances reflects mostly the certified invoices by the client concerned.
d) No provision against overdue Debtors outstanding for more than six months amounting to Rs. 8,995 lakhs (net of mobilisation advances of Rs. 232 lakhs and excluding unbilled revenue Rs. 1,864 lakhs and excluding performance guarantee encashed by the certain parties) have been made, which are doubtful for recovery considering non confirmation of outstanding balances, short closure of running projects, encashment of performance bank guarantee and demand raised for counter claim /liquidated damages by the parties (customers) .	We are following up with all the parties for recovery/realisation of overdue amount and hopeful of recovery of balances.
e) Liability /provision against performance guarantee encashed by the certain parties during the quarter amounting to Rs. 1,920 lakhs (Rs. 3,635 lakhs during the nine months period ended, including Rs. 1,715 lakhs till September 2018) has not been provided for in the books, where the management is confident about settlement in its favour.	We are in process of initiating arbitration procedure / process in the matter of Bank guarantees (BG) encashed and hopeful of positive outcome in favour of the Company.
f) Certain expenses {including finance/ interest cost (refer note no. 10 below)} / liabilities/employee benefit expenses have been accounted for as approved by the management based on vouchers and for which contracts, supporting records and agreements could not be made available to the auditors for verification as the same are under process of compilation/updation. As per the management , expenses were incurred for business purposes only. Further, in respect of certain contract sites, the Company is in process of compiling / updating the records with respect to employees/labour, where we are unable to comment on the same and its corresponding impact over reported loss for the quarter and six months period .	In view of the liquidity constraints, many of the staffs at sites Offices and Head Offices have left their services of the company. This has resulted in delay in compiling information. However, the Company is in the process of taking steps for completing the reconciliation and compiling the records.
g) Regarding non provision against carry over Deferred tax assets as on 31st December 2018 of Rs. 5,991 lacs for the reasons stated in the said note that sufficient future taxable income will be available against which the aforesaid deferred tax asset (net) can be realized and our inability to comment thereon..	The CoC has recommended liquidation as a going concern. In case of any applicant being successful, the Company will change hands as a going concern. Thus, it is expected that the Company would be in a position to avail set-off of tax losses against expected taxable profit in the future years.
h) Regarding delays in payment of certain statutory dues and non- submission /delay in filing of certain statutory returns (including PF, ESIC, TDS, GST etc.), statutory dues written off and pending reconciliation between books and returns filed, where we are unable to comment on the impact of the same on loss for the quarter and nine months period ended 31st December 2018 and the state of affairs.	Under reconciliation and there may be slight delay due to cash flow problem.



i) Since all the directors including Company secretary and CFO have resigned ,and no quorum for conducting meetings of Board of Directors, Nomination and Remuneration Committee, Audit Committee, CSR Committee, etc., in compliance to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available. As required by the Companies Act, 2013, there is no woman director in the Company. Regarding non-availability of secretarial forms and compliances thereof and our inability to comment on related party transactions, compliances related to appointment /resignation of Directors, compliances w.r.t. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance and other related regulations and our inability to comment thereon.	As all the directors have resigned and new directors can be appointed only by the shareholders at an AGM/EGM. At present there is no Company Secretary hence required documents could not be prepared and submitted. As all the directors have resigned, hence the Company couldn't file the e-forms with the Registrar of Companies w.r.t. resignation of directors, company secretary, Chief Executive Officer and CFO. However , we are in process of updating required registers /forms which shall be submitted in due course.
j) Pending physical verification of property, plant and equipment (PPE) and reconciliation of the same with the books & records, where we are unable to comment on the same .	The PMD team at respective sites have carried out the verification process. However no findings has been given on its impact on the books of accounts.
k) 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.	Most of the project are on the verge of completion and adequate margins are available to absorb any contingency. In view of this management do not expect any material variation in final completion of project compared to estimated cost of completion.
l) Regarding the matter stated in para (a) to (k) above and otherwise internal controls needs to be further strengthened to be commensurate with the size of the company and nature of its business.	The Company has an internal control system in existence and is in the process of further strengthening the same.
m) Regarding preparation of the financial statements on 'going concern' basis notwithstanding the fact that the Company is having negative net worth, continuous losses, lower level of operations effecting cash flows and going concern, short closure in certain projects, current liabilities are in excess of current assets, Company is under Corporate Insolvency Resolution Process (CIR process) and default in repayment of loan instalments and payment of due interest, both on term loans and working capital. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.	Net worth is not a singular measure of deciding as a 'going concern'. The Company has a good brand name in the industry and during its last 40 years has already established its position as a reliable EPC contractor. Considering the same, it is expected that it will, in due course of time, be in a position to receive a viable Resolution Plan for the approval of CoC and NCLT. Currently the Company is executing few contracts which are able to run on its own by using the cash inflows from these projects. In view of the above, the Company has prepared its accounts on a going concern basis. The CoC has recommended liquidation as going concern. In case the NCLT approving the same, appropriate treatment will be given in the books of account.

- 5 Revenue for the quarter includes Rs. 1,036 lakhs in respect of certain contracts work /invoices which have not been certified by the parties/ customers. Management is confident that there would not be any material variation on final billing / acceptance of work by the customers and amount is fully realisable.
- 6 (a) Due to continuous losses and liquidity constraints, the Company has not been able to make payments, including due instalments of borrowings, and outstanding interest obligations, both in respect of term loans and working capital facilities. Accordingly, there were delays/ defaults in repayment. There are certain overdue amounts as at 31st December 2018. All banks have classified the accounts as Non Performing Assets (NPA) and some banks have given loan recall notice for the outstanding loan amount which were effective on 31st December 2018.



- (b) During the quarter ended 31st December 2018 all the financial lenders for working capital facilities have assigned their fund based and non fund based (unsettled) outstanding as accepted by the Resolution Professional as on 23rd March 2018 in favour of Arcelor Mittal India Private Limited ('AMIPL' or 'Assignee') vide Assignment Agreement dated 17th October 2018. No dues certificate from the above referred lenders is pending to be received from lenders and Modification of charges in favour of Assignee is in process as on date.
Further, Company is in process of reconciliation of claims filed by AMIPL with the books of accounts
- 7 During the financial year 2017-18 Mr. Manoj Kumar Gaur was appointed as Managing Director for a period of 3 years w.e.f. November 1, 2017, subject to the approval of shareholders but resigned w.e.f. February 14, 2018. However, prior approval of secured creditors and share holders has not been obtained before his appointment as per the provisions of Section II of Part II of Schedule V of the Companies Act, 2013, although intimation to the banks have been made regarding his appointment.
- 8 In view of continuous losses no Deferred tax assets (net) has been recognised in the current period/quarter.
- 9 Many of the projects / contracts have been closed/ short closed by the Company and visibility of future cash flows shall be available only upon completion of CIR process. Accordingly, the Company has not considered any significant impairment in the value of its assets during the period
- 10 Interest payable on secured loans have been provided for/reversed as per the bank statements/outstanding claims filed by the financial lenders. Further, since the Company is in CIR process on interest liability has been provided for the loans assigned by the financial lenders to AMIPL {as stated in note no.6(b) above} by the Company.
- 11 The previous period figures have been regrouped/rearranged / recast to make them comparable with that of current period wherever necessary.

Mumbai, 14th February, 2019



For Petron Engineering Construction Limited

Udayraj Patwardhan
Resolution Professional

Reg.No.IBBI/IPA-001/IP-P00024/2016-17/10057

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 AND NINE MONTHS ENDED 31st DECEMBER 2018

Particulars	Quarter Ended			Nine Months Ended		Rupees in Lacs
	31st December 2018	30th September 2018	31st December 2017	31st December 2018	31st December 2017	Year Ended 31st March 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenue from Operations	2,906	3,589	4,098	10,240	19,632	23,392
2 Other Income	19	19	29	53	231	920
3 Total Revenue (1+2)	2,925	3,608	4,127	10,293	19,863	24,312
4 Expenses						
(a) Cost of Materials Consumed	568	569	963	1,956	4,761	6,211
(b) Purchase of trading goods	-	-	76	-	2,097	2,181
(c) Changes in Project inventories	-	-	(173)	-	200	-
(d) Sub-contracting expenses	1,232	1,202	2,001	3,927	6,902	8,860
(e) Employee Benefits Expense	849	1,059	1,540	3,025	4,623	6,679
(f) Finance Cost	14	1,138	466	1,884	1,447	2,304
(g) Depreciation and Amortisation Expense	182	184	164	546	505	777
(h) Other expenditure	421	317	7,843	1,241	9,728	21,664
Total Expenses	3,266	4,469	12,880	12,579	30,263	48,676
5 Profit/(Loss) before exceptional item and tax	(341)	(861)	(8,753)	(2,286)	(10,400)	(24,364)
6 Exceptional items Gain / (Loss)	-	-	-	-	-	-
7 Profit/(loss) before tax	(341)	(861)	(8,753)	(2,286)	(10,400)	(24,364)
8 Tax Expenses						
(a) Current tax	-	-	-	-	-	67
(b) Tax for earlier years (net)	-	-	-	-	35	35
(c) Deferred tax	-	-	(2,899)	-	(3,447)	(7,153)
9 Profit/ (Loss) for the period	(341)	(861)	(5,854)	(2,286)	(6,988)	(17,313)
10 Other comprehensive income (net of tax)	-	-	-	-	-	(21)
11 Total comprehensive income for the period (comprising profit/(loss) for the period (after tax) and other comprehensive income (after tax))	(341)	(861)	(5,854)	(2,286)	(6,988)	(17,334)
12 Paid-up equity share capital (Face Value: Rs.10/- per equity share)	754	754	754	754	754	754
13 Other Equity						686
14 Earnings per Share (EPS) (of Rs 10/- each) (not annualised)						
(a) Basic and diluted EPS	(4.52)	(11.42)	(77.65)	(30.33)	(92.70)	(229.67)



Notes:

- 1 The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, had admitted the petition filed by an operational Creditor for initiating Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC) vide its Order dated March 23, 2018. Pursuant to the said order of NCLT and in line with the provisions of IBC presently all the powers of the Board of Directors are exercised by the RP during the insolvency resolution proceedings period.

A Committee of Creditors (CoC) was formed on May 4, 2018 under Section 21 of the IBC. Pursuant to the order passed by the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench on 6.08.2018, Mr. Udayraj Patwardhan is appointed as the Resolution Professional (RP), who took charge w.e.f. 9th August 2018 in place of Interim Resolution Professional. Consequent to the resignation of all the Directors of the Company prior to the Order of NCLT, at present there are no members in the Board of Directors. Hence, the above results have been considered and signed by the RP for filing with the Stock Exchanges.

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Resolution plan was submitted by one of the resolution applicant which was not approved by CoC. The Company may face liquidation process under IBC 2016 and regulations thereunder, if, no resolution plan is approved by the Honourable NCLT. The CoC in the meeting held on 14th February 2019 have resolved that the company may be liquidated under liquidation as 'going concern'.

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- 3 RP of the company has considered the financial results and the Auditors of the Company have carried out "Limited Review" of the above financial results for the quarter and nine months ended 31st December 2018.
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Auditors' Qualification	Company's Response
(a) In respect of certain suspended / delayed contracts, as of 31st December, 2018, trade receivable of Rs. 246 lakhs (net of mobilization advance and provisions of Rs. 11 lakhs) (trade receivable of Rs. 255 lakhs as of 30th September 2018, Rs. 331 lakhs as of 31st March 2018 and Rs. 1693 lacs as of 31st December 2017 respectively, net of mobilization advance and provisions of Rs. Nil, Rs.3 lakhs and Rs. 2,934 lakhs respectively as at 30th September 2018, 31st March 2018 and 31st December 2017) are doubtful of recovery and pending for confirmation/negotiation. We are unable to comment about the status of amount receivables / payables on the reported loss for the quarter and nine months period ended 31st December 2018 and its corresponding impact on assets / liabilities as at that date.	The Company is making various efforts to recover the outstanding Trade receivable and is hopeful of recovery. The reconciliation of accounts and negotiations are in progress.
b) Various claims submitted by the financial creditors {including claims filed by ArcelorMittal India Private Limited as stated in note no. 6(b)}, operational creditors, other creditors and employees of the Company to the Resolution Professional (RP) pursuant to the Insolvency and Bankruptcy Code, 2016 are currently under consideration/verification/reconciliation. Pending completion of exercise of final verification / reconciliation and admission and recognition of such claims by RP, we are unable to comment on the consequential impact, if any, on the reported loss for the quarter and nine months period ended 31st December 2018 and its corresponding impact over state of affairs as on that date.	The Company is in the process of reconciling the accounts with the parties concerned. Accounting effect, if any, to the same would be made after completing the final reconciliation with the said creditors. The claims accepted by Resolution Professional may not directly have an effect on the balances reflected in the books of accounts.



c) Balances of certain trade receivable, unbilled revenue, trade payables (including MSME), secured loans (including banks), bank guarantees and unsecured loans, bank balances, current liabilities, other liabilities (including statutory dues and returns) and loan & advances (including from related parties) (read with para (b) above) are subject to confirmation/reconciliation, where we are unable to comment on the same and its corresponding impact over reported loss for the quarter and six months period and related components of financial statements as on date.	Because of the CIRP many of the creditors have referred their claims as on the Insolvency commencement date, i.e. 23rd March, 2018 which can be construed as balance confirmations. Wherever there is a difference between the books and the creditors claim, reconciliation work is under way. As far as the receivable is concerned the balances reflects mostly the certified invoices by the client concerned.
d) No provision against overdue Debtors outstanding for more than six months amounting to Rs. 8,995 lakhs (net of mobilisation advances of Rs. 232 lakhs and excluding unbilled revenue Rs. 1,864 lakhs and excluding performance guarantee encashed by the certain parties) have been made, which are doubtful for recovery considering non confirmation of outstanding balances, short closure of running projects, encashment of performance bank guarantee and demand raised for counter claim /liquidated damages by the parties (customers) .	We are following up with all the parties for recovery/realisation of overdue amount and hopeful of recovery of balances.
e) Liability /provision against performance guarantee encashed by the certain parties during the quarter amounting to Rs. 1,920 lakhs (Rs. 3,635 lakhs during the nine months period ended, including Rs. 1,715 lakhs till September 2018) has not been provided for in the books, where the management is confident about settlement in its favour.	We are in process of initiating arbitration procedure / process in the matter of Bank guarantees (BG) encashed and hopeful of positive outcome in favour of the Company.
f) Certain expenses {including finance/ interest cost (refer note no. 10 below)} / liabilities/employee benefit expenses have been accounted for as approved by the management based on vouchers and for which contracts, supporting records and agreements could not be made available to the auditors for verification as the same are under process of compilation/updation. As per the management , expenses were incurred for business purposes only. Further, in respect of certain contract sites, the Company is in process of compiling / updating the records with respect to employees/labour, where we are unable to comment on the same and its corresponding impact over reported loss for the quarter and six months period .	In view of the liquidity constraints, many of the staffs at sites Offices and Head Offices have left their services of the company. This has resulted in delay in compiling information. However, the Company is in the process of taking steps for completing the reconciliation and compiling the records.
g) Regarding non provision against carry over Deferred tax assets as on 31st December 2018 of Rs. 5,991 lacs for the reasons stated in the said note that sufficient future taxable income will be available against which the aforesaid deferred tax asset (net) can be realized and our inability to comment thereon..	The CoC has recommended liquidation as a going concern. In case of any applicant being successful, the Company will change hands as a going concern. Thus, it is expected that the Company would be in a position to avail set-off of tax losses against expected taxable profit in the future years.
h) Regarding delays in payment of certain statutory dues and non- submission /delay in filing of certain statutory returns (including PF, ESIC, TDS, GST etc.), statutory dues written off and pending reconciliation between books and returns filed, where we are unable to comment on the impact of the same on loss for the quarter and nine months period ended 31st December 2018 and the state of affairs.	Under reconciliation and there may be slight delay due to cash flow problem.



i) Since all the directors including Company secretary and CFO have resigned ,and no quorum for conducting meetings of Board of Directors, Nomination and Remuneration Committee, Audit Committee, CSR Committee, etc., in compliance to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available. As required by the Companies Act, 2013, there is no woman director in the Company. Regarding non-availability of secretarial forms and compliances thereof and our inability to comment on related party transactions, compliances related to appointment /resignation of Directors, compliances w.r.t. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance and other related regulations and our inability to comment thereon.	As all the directors have resigned and new directors can be appointed only by the shareholders at an AGM/EGM. At present there is no Company Secretary hence required documents could not be prepared and submitted. As all the directors have resigned, hence the Company couldn't file the e-forms with the Registrar of Companies w.r.t. resignation of directors, company secretary, Chief Executive Officer and CFO. However , we are in process of updating required registers /forms which shall be submitted in due course.
j) Pending physical verification of property, plant and equipment (PPE) and reconciliation of the same with the books & records, where we are unable to comment on the same .	The PMD team at respective sites have carried out the verification process. However no findings has been given on its impact on the books of accounts.
k) 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.	Most of the project are on the verge of completion and adequate margins are available to absorb any contingency. In view of this management do not expect any material variation in final completion of project compared to estimated cost of completion.
l) Regarding the matter stated in para (a) to (k) above and otherwise internal controls needs to be further strengthened to be commensurate with the size of the company and nature of its business.	The Company has an internal control system in existence and is in the process of further strengthening the same.
m) Regarding preparation of the financial statements on 'going concern' basis notwithstanding the fact that the Company is having negative net worth, continuous losses, lower level of operations effecting cash flows and going concern, short closure in certain projects, current liabilities are in excess of current assets, Company is under Corporate Insolvency Resolution Process (CIR process) and default in repayment of loan instalments and payment of due interest, both on term loans and working capital. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.	Net worth is not a singular measure of deciding as a 'going concern'. The Company has a good brand name in the industry and during its last 40 years has already established its position as a reliable EPC contractor. Considering the same, it is expected that it will, in due course of time, be in a position to receive a viable Resolution Plan for the approval of CoC and NCLT. Currently the Company is executing few contracts which are able to run on its own by using the cash inflows from these projects. In view of the above, the Company has prepared its accounts on a going concern basis. The CoC has recommended liquidation as going concern. In case the NCLT approving the same, appropriate treatment will be given in the books of account.

- 5 Revenue for the quarter includes Rs. 1,036 lakhs in respect of certain contracts work /invoices which have not been certified by the parties/ customers. Management is confident that there would not be any material variation on final billing / acceptance of work by the customers and amount is fully realisable.
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- (b) During the quarter ended 31st December 2018 all the financial lenders for working capital facilities have assigned their fund based and non fund based (unsettled) outstanding as accepted by the Resolution Professional as on 23rd March 2018 in favour of Arcelor Mittal India Private Limited ('AMIPL' or 'Assignee') vide Assignment Agreement dated 17th October 2018. No dues certificate from the above referred lenders is pending to be received from lenders and Modification of charges in favour of Assignee is in process as on date.
Further, Company is in process of reconciliation of claims filed by AMIPL with the books of accounts
- 7 During the financial year 2017-18 Mr. Manoj Kumar Gaur was appointed as Managing Director for a period of 3 years w.e.f. November 1, 2017, subject to the approval of shareholders but resigned w.e.f. February 14, 2018. However, prior approval of secured creditors and share holders has not been obtained before his appointment as per the provisions of Section II of Part II of Schedule V of the Companies Act, 2013, although intimation to the banks have been made regarding his appointment.
- 8 In view of continuous losses no Deferred tax assets (net) has been recognised in the current period/quarter.
- 9 Many of the projects / contracts have been closed/ short closed by the Company and visibility of future cash flows shall be available only upon completion of CIR process. Accordingly, the Company has not considered any significant impairment in the value of its assets during the period
- 10 Interest payable on secured loans have been provided for/reversed as per the bank statements/outstanding claims filed by the financial lenders. Further, since the Company is in CIR process on interest liability has been provided for the loans assigned by the financial lenders to AMIPL {as stated in note no.6(b) above} by the Company.
- 11 The previous period figures have been regrouped/rearranged / recast to make them comparable with that of current period wherever necessary.

Mumbai, 14th February, 2019



For Petron Engineering Construction Limited

Udayraj Patwardhan

Udayraj Patwardhan
Resolution Professional

Reg.No.IBBI/IPA-001/IP-P00024/2016-17/10057

Independent Auditor's Review Report

To,
The Resolution Professional
Petron Engineering Construction Limited

1. We have reviewed the accompanying statement of unaudited financial results of **Petron Engineering Construction Limited** ('the Company') for the quarter and nine months period ended 31st December 2018 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"), read with Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 ("the Circular"). The preparation of the Statement in accordance with the recognition and measurement principles laid down in Ind AS-34, Interim Financial Reporting prescribed u/s 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rule, 2015, as amended, read with the Circular, is the responsibility of the Company's management and has been approved by the Resolution Professional (RP) of the Company. 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 as to whether the financial results are free of material misstatement. 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 of Qualified Conclusion
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 31st December 2018, trade receivable of Rs. 246 lakhs (net of mobilization advance and provisions of Rs. 11



lakhs) (trade receivable of Rs. 255 lakhs as of 30th September, 2018, Rs. 331 lakhs as of 31st March 2018 and Rs. 1693 lakhs as of 31st December 2017 respectively, net of mobilization advance and provisions of Rs. Nil, Rs. 3 lacs and Rs. 2934 lakhs respectively as at 30th September 2018, 31st March 2018 and 31st December 2017) are doubtful of recovery and pending for confirmation/negotiation. We are unable to comment about the status of amount receivables / payables on the reported loss for the quarter and nine months period ended 31st December 2018 and its corresponding impact on assets / liabilities as at that date.

This matter was also qualified in our Limited Review report for the quarter and six months ended 30th September 2018, quarter and nine months ended 31st December 2017 and quarter and year ended 31st March 2018.

- ii) As stated in Note no. 4(b) of the accompanying statement of unaudited financial results regarding various claims submitted by the financial creditors {including claims filed by ArcelorMittal India Private Limited as stated in note no. 6(b)}, operational creditors, other creditors and employees of the Company to the Resolution Professional (RP) pursuant to the Insolvency and Bankruptcy Code, 2016 are currently under consideration/verification/reconciliation. Pending completion of exercise of final verification / reconciliation and admission and recognition of such claims by RP, we are unable to comment on the consequential impact, if any, on the reported loss for the quarter and nine months ended 31st December 2018 and its corresponding impact over state of affairs as on that date.
- iii) As stated in Note no. 4(c) of the accompanying statement of unaudited financial results regarding balances of certain trade receivable, unbilled revenue, trade payables (including MSME), secured loans (including banks), bank guarantees and unsecured loans, bank balances, current liabilities, other liabilities (including statutory dues and returns) and loan & advances (including from related parties) (read with para (ii) above) are subject to confirmation/reconciliation, where we are unable to comment on the same and its corresponding impact over reported loss for the quarter and nine months period and related components of financial statements as on date.
- iv) As stated in Note no. 4(d) no provision against overdue Debtors outstanding for more than six months amounting to Rs. 8,995 lakhs (Rs. 7228 lakhs as of 30th



September 2018) (net of mobilisation advances of Rs. 232 lakhs and excluding unbilled revenue of Rs. 1,864 lakhs and excluding performance guarantee encashed by the certain parties) have been made, which are doubtful for recovery considering non confirmation of outstanding balances, short closure of running projects, encashment of performance bank guarantee and demand raised for counter claim /liquidated damages by the parties (customers).

- v) As stated in Note no. 4(e) of the accompanying statement of unaudited financial results, liability /provision against performance guarantee encashed by the certain parties during the quarter amounting to Rs. 1,920 lakhs (Rs. 3,635 lakhs during the nine months period ended, including Rs. 1,715 lakhs till 30th September 2018) has not been provided for in the books, where the management is confident about settlement in its favour.
- vi) As stated in Note no. 4(f) of the accompanying statement of unaudited financial results regarding certain expenses {including finance/interest cost (refer note no. 10 of financial results)}/ liabilities/employee benefit expenses have been accounted for as approved by the management based on vouchers and for which contracts, supporting records and agreements could not be made available to the auditors for verification as the same are under process of compilation/updation. As per the management, expenses were incurred for business purposes only. Further, in respect of certain contract sites, the Company is in process of compiling / updating the records with respect to employees/labour, where we are unable to comment on the same and its corresponding impact over reported loss for the quarter and nine months period.
- vii) As stated in Note no. 4(g) of the accompanying statement of unaudited financial results regarding non provision against carry over Deferred tax assets as on 31st December 2018 of Rs. 5,991 lacs for the reasons stated in the said note that sufficient future taxable income will be available against which the aforesaid deferred tax asset (net) can be realized and our inability to comment thereon.
- viii) As stated in Note no. 4(h) of the accompanying statement of financial results regarding delays in payment of certain statutory dues and non- submission /delay in filing of certain statutory returns (including PF, ESIC, TDS. GST etc.), statutory dues written off and pending reconciliation between books and returns filed, where we



are unable to comment on the impact of the same on loss for the quarter and nine months period ended 31st December 2018 and state of affairs.

- ix) As stated in note no. 4(i) all the directors including Company secretary and CFO have resigned, and no quorum for conducting meetings of Board of Directors, Nomination and Remuneration Committee, Audit Committee, CSR Committee, etc., in compliance to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available. As required by the Companies Act, 2013, there is no woman director in the Company. Regarding non-availability of secretarial forms and compliances thereof and our inability to comment on related party transactions, compliances related to appointment /resignation of Directors, compliances w.r.t. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance and other related regulations and our inability to comment thereon, where attention is drawn.
- x) As stated in note no. 4(j) of the accompanying statement of unaudited financial results regarding pending physical verification of property, plant and equipment (PPE) and reconciliation of the same with the books & records, where we are unable to comment on the same.
- xi) As stated in Note no. 4(k) of the accompanying statement of unaudited financial results 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.
- xii) As stated in note no. 9 of the accompanying statement of unaudited financial results, given the current operations of the Company and the Company being under CIR process, the future impairment, if any, in the realizability of the economic value of fixed assets cannot be determined and our inability to comment thereon.
- xiii) We have been informed by the Resolution Professional that certain information including the minutes of the meetings of the Committee of Creditors and the outcome of certain specific/ routine procedures carried out as part of the IBC process could not be shared with anyone, other than the Committee of Creditors and NCLT. Accordingly, we are unable to comment on the possible financial, presentation



and disclosure impacts, if any, that may arise if we have been provided access to review that information.

- xiv) In view of our comments under para (i) to (xi) above and otherwise, the Company's internal control systems needs to be further strengthened (note no. 4(l) of accompanying statement).

The matters above in para (ii) to (xi) were also qualified in our Limited Review report for the quarter and six months ended 30th September 2018 and also in audit report for the quarter and year ended 31st March 2018 {except para (iv) and (v)}.

Qualified Opinion

4. 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, these quarterly financial results:
- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and SEBI circular CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
 - (ii) give a true and fair view of the loss including other comprehensive income and other financial information for the quarter and nine months period ended 31st December 2018.

Emphasis of matter

5. We draw attention to the followings:
- i) Pending necessary approvals of the secured creditors and shareholders for the payment of managerial remuneration to the erstwhile Managing Director (ceased w.e.f. February 14, 2018) as stated in note no. 7 of accompanying statement of unaudited financial results ; and
 - ii) Revenue for the quarter and nine months includes Rs. 1,036 lakhs, as stated in note no. 5 of accompanying statements in respect of certain contracts work /invoices which have not been certified by the parties/customers. Management is confident that there would not be any material variation on final billing / acceptance of work by the customers and amount is fully realisable.

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



Material uncertainty related to Going Concern

As stated in Note no. 4(m) of the accompanying statement of unaudited financial results regarding preparation of the financial statements on 'going concern' basis notwithstanding the fact that the Company is having negative net worth, continuous losses, lower level of operations effecting cash flows and going concern, short closure in certain projects, current liabilities are in excess of current assets and default in repayment of loan installments and payment of due interest, both on term loans and working capital. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As company is under corporate insolvency resolution process (CIR process) (as stated in Note no. 1 of the accompanying statement of unaudited financial results) and final decision on resolution process is pending before the NCLT. The management and the RP have continued its practice to prepare financial statements on going concern basis.

The above matter was also reported in our audit report for the quarter and six months ended 30th September 2018 and year ended 31st March 2018.

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



(Gaurav Lodha)

Partner

M. No. 507462

Place: Mumbai

Date: 14th February 2019

