

**Petron Engineering Construction Limited**

NS/LEGAL/2014-15/AFR/BSE

29th May, 2014

The BSE Ltd.,
Corporate Relationship Department
15th Floor, D.L. TOWER, DALA CHOWK, PUNE

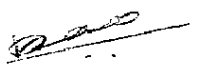
Pursuant to Clause 41 of the Listing Agreement, enclosed please find copy of Audited Financial Results for the Quarter and Year ended 31st March, 2014 alongwith the Statement of Assets & Liabilities as approved and taken on record by the Board at its meeting held on 29th May, 2014.

Also enclosed please find Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company pursuant to Clause 41 of the Listing Agreement.

Kindly take the same on your records.

Thanking you,

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


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

✓ Cc: National Stock Exchange of India Ltd.

Cc: NSDL

Cc: CDSL

Nvs.rr

Registered Office: 6th Floor, Swastik Chambers, Sion-Trombay Road, P.B. No. 7206, Chembur, Mumbai - 400071, India
Tel.: +91-22-4085 6200 Fax: +91-22-4085 6250 / 6797 3509
Email : corporate@petronengineering.com • Website: www.petronengineering.com

CIN : L45202MH1976PLC019135

Accredited with ISO 9001 : 2008, ISO 14001 : 2004, OHSAS 18001 : 2007

Petron Engineering Construction Limited

Regd. Office: 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 AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH, 2014

(Rupees in Laacs)

Particulars	Quarter Ended			Year Ended	
	31st March 2014 (Audited) Refer Note 7	31st December 2013 (Unaudited)	31st March 2013 (Audited) Refer Note 7	31st March 2014 (Audited)	31st March 2013 (Audited)
1 Income from Operations					
(a) Net Sales/Income from Operations (net of service tax, sales tax & excise duty)	8,924	8,865	12,868	37,587	52,427
(b) Other Operating Income	-	-	-	-	-
Total Income Operations (Net)	8,924	8,865	12,868	37,587	52,427
2 Expenditure					
(a) Cost of Materials Consumed	2,582	2,199	5,402	10,522	20,697
(b) Changes in Project inventories	5	10	(7)	25	120
(c) Sub-contracting expenses	2,246	1,765	1,993	7,852	9,369
(d) Employees Benefits Expense	1,938	2,131	2,795	8,941	11,031
(e) Depreciation and Amortisation Expense	387	423	425	1,659	1,629
(f) Other expenditure	1,150	1,654	2,173	6,324	8,374
Total	8,308	8,182	13,081	35,323	51,220
3 Profit/(Loss) from Operations before Other income, Finance cost and Exceptional items	616	683	(213)	2,264	1,207
4 Other Income	104	26	497	355	1,340
5 Profit/(loss) from ordinary activities before Finance Cost and Exceptional items	720	709	284	2,619	2,547
6 Finance Cost	676	661	552	2,436	2,236
7 Profit/(Loss) from ordinary activities after Finance costs but before Exceptional items	44	48	(268)	183	311
8 Exceptional items	-	-	-	-	-
9 Net Profit / (Loss) from ordinary activities before tax	44	48	(268)	183	311
10 Tax Expenses	(241)	15	135	(196)	302
11 Net Profit/ (Loss) from ordinary activities after tax	285	33	(403)	379	9
12 Extraordinary items (net of taxes Rs.Nil)	-	-	-	-	-
13 Net Profit/ (Loss) for the period	285	33	(403)	379	9
14 Paid-up equity share capital (Face Value: Rs.10/- per equity share)	754	754	754	754	754
15 Reserve excluding Revaluation Reserves as per balance sheet of previous year	-	-	-	14,824	14,446
16 Earnings per Share (EPS) (of Rs 10/- each) (not annualised)					
(a) Basic and diluted EPS before Extraordinary items	3.77	0.44	(5.34)	5.03	0.12
(b) Basic and diluted EPS after Extraordinary items	3.77	0.44	(5.34)	5.03	0.12
(A) PARTICULARS OF SHAREHOLDING					
1 Public shareholding					
- Number of Shares	2,075,197	2,075,197	2,075,197	2,075,197	2,075,197
- Percentage of shareholding	27.53%	27.53%	27.53%	27.53%	27.53%
2 Promoters & Promoter Group Shareholding					
(a) Pledge / Encumbered					
- No of Shares	Nil	Nil	Nil	Nil	Nil
- % of Shares (as a % of the total shareholding of promoter & promoter group)	Nil	Nil	Nil	Nil	Nil
- % of Shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil	Nil
- % of Shares (as a % of the total shareholding of promoter & promoter group)	100%	100%	100%	100%	100%
- % of Shares (as a % of the total share capital of the Company)	72.47%	72.47%	72.47%	72.47%	72.47%

Particulars	Three months ended 31st March 2014
(B) INVESTOR COMPLAINTS	
Pending at the beginning of the Quarter	Nil
Received during the Quarter	Nil
Disposed of During the Quarter	Nil
Remaining unresolved at the end of Quarter	Nil

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BY**



**S. R. BATLIBOI & CO. LLP
MUMBAI**

Statement of Assets and Liabilities

Rupees in Lacs

Particulars	As at 31st March 2014 (Audited)	As at 31st March 2013 (Audited)
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share Capital	754	754
(b) Reserves and surplus	15,382	15,017
Sub-total- Shareholders' funds	16,136	15,771
2 Non-current liabilities		
(a) Long-term borrowings	2,757	4,079
(b) deferred tax liabilities (net)	65	221
(c) Other long-term liabilities	4,933	1,312
(d) Long-term provisions	117	145
Sub-total- Non-current liabilities	7,872	5,757
3 Current liabilities		
(a) Short-term borrowings	11,726	13,463
(b) Trade Payable	10,214	10,808
(b) Other Current liabilities	14,945	9,534
(c) Short term provisions	271	734
Sub-total Current liabilities	37,156	34,539
TOTAL - EQUITY AND LIABILITIES	61,164	56,067
B ASSETS		
1 Non-current assets		
(a) Fixed assets	8,097	9,746
(b) Non-current Investments (Cost Rs. 1,000)	0	0
(b) Long-term loans and advances	3,719	3,010
(c) Other non-current assets	3,132	3,192
Sub-total- Non-current assets	14,948	15,948
2 Current assets		
(a) Inventories	116	110
(b) Trade receivables	11,023	11,522
(c) Cash and cash equivalents	1,133	894
(d) Short-term loans and advances	1,705	1,248
(e) Other current assets	32,238	26,345
Sub-total- Current assets	46,215	40,119
TOTAL - ASSETS	61,164	56,067

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BYS. R. BATLIBOI & CO. LLP
MUMBAI

Notes:

- 1 The above audited financial results have been reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings held on the 29th May, 2014.
- 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 the current period / year figures wherever necessary.
- 4 Income from operations for the year ended 31st March 2014 includes income of earlier period of Rs.87 lacs.
- 5 A Vendor has filed winding-up petition against the Company for non-payment of debt due after having raised demand on the Company to clear its dues. Hon'ble High Court of Bombay has passed an Order on 29th April, 2014 directing the Company to deposit Rs. 1277 lacs, on or before 30th June, 2014, failing which the Petition shall stand admitted, without considering several other contentions of the Company to the Petition. The Company has been advised by its legal adviser that there is a good case for appeal before the Division Bench of the Hon'ble High Court of Bombay and has merit to most likely succeed in the said appeal, consequent to which no liability should accrue on the Company, apart from the amount provided in the books of accounts, as on 31st March, 2014.
- 6 The Company is facing liquidity issue since some projects are delayed beyond scheduled completion dates and some of the on-going contracts have very high back-ended billing and payment terms, release of which is linked to contracts achieving certain milestones and getting approvals of respective clients. This has severely affected the Company's cash flows due to which it has delayed payment of certain statutory dues, employees' dues, banks and other stakeholders. Restrictions on utilization of sanctioned limits by certain bankers, has further aggravated the situation.

To mitigate the above factors the Company is in the process of obtaining funding from bank, eligible funds from other corporates and working capital which the Company's management expects to be received by December 2014. The Company has also obtained a parent support letter ensuring working capital support for next 15 months upto June 30, 2015.
- 7 The figures of the quarter ended March 31, 2014 and March 31, 2013 are the balancing figures between audited figures of the full financial year ended March 31, 2014 and March 31, 2013 and the unaudited published year to date figures (which were subjected to Limited review by the statutory auditors) upto third quarter of the respective financial years.
- 8 The Auditors have commented on,

Auditors' Qualification	Company's Response
In respect of a contract, as at March 31, 2014, trade receivables (net of mobilization advance of Rs 2,926 Lacs), unbilled revenue and trade payables of Rs. 1,267 Lacs, Rs. 6,256 Lacs and Rs. 1,826 Lacs respectively, are subject to final confirmation as the said contract is under negotiation. In the absence of such confirmations and pending final outcome of the negotiations, we are unable to comment upon the amounts ultimately receivable/payable in respect of this contract and the consequential impact, if any, on the reported profit for the quarter ended March 31, 2014 and the reported profit for the year ended March 31, 2014 and corresponding assets and liabilities as at that date. Our Audit Report on the financial statements for the year ended March 31, 2013 and our review reports on results for the quarters ended June 30, 2013 and September 30, 2013 and December 31, 2013 were modified in respect of the above matter.	The Company has received a written communication in May, 2013 from the customer affirming their intent to revive the subject mega project (the largest private investment in the region) - which is nearly 60% complete - within this year, which had hit a temporary roadblock because of the cost escalation, natural disaster and financial constraints. As per the communication, the customer is persistently endeavoring to get required equity infusion from current and/or new investors to eventually do a financial closure. Apart from the above letter, the same has also been reaffirmed by the top executives of the customer in discussions. As qualified 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 duly confirmed by the customer as payable while 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 in due course of time. Further, the accounts payable shall be 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.
The Company has recognised revenue and receivables of Rs. 3,811 Lacs on certain projects arising out of design changes and/or scope variations for which acceptances by the clients are awaited. The amount of such acceptances cannot therefore be measured reliably. In the absence of sufficient appropriate audit evidence regarding the extent to which such claims /scope variations will be accepted by the clients, we are unable to comment on the appropriateness of such revenues as recognised in the financial statements, the amounts that will be ultimately realised and the consequential impact, if any, on the reported profit for the quarter ended March 31, 2014 and the reported profit for the year ended March 31, 2014 and corresponding assets and liabilities as at that date. Our review report on result for the quarter ended December 31, 2013 was modified in respect of the above matter.	Management is confident of receiving the recognised revenue after completion of pending formalities in due course of time. Therefore, there will not be any impact on reported profit for the quarter ending 31st March, 2014 / period ending 31st March, 2014 and on corresponding assets as at that date.

Mumbai, 29th May, 2014

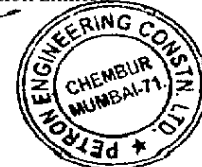
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BY**

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**S. R. BATLIBOI & CO. LLP
MUMBAI**

For Petron Engineering Construction Limited

[Signature]
Ajay Hans
Managing Director



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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29 Senapati Bapat Marg
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Mumbai-400 028, India
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Auditor's Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Clause 41 of the Listing Agreement

To
Board of Directors of
Petron Engineering Construction Limited,

1. We have audited the quarterly financial results of Petron Engineering Construction Limited for the quarter ended March 31, 2014 and the financial results for the year ended March 31, 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, 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 audited by us. The quarterly financial results are the derived figures between the audited figures in respect of the year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial year, which were subject to

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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 clause 41 of the Listing Agreement in this regard; and
 - ii. give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2014 and for the year ended March 31, 2014.
6. We draw attention to Note 5 in the quarterly financial results, which describes the uncertainty related to the outcome of the winding up petition filed against the Company by a vendor, more fully described therein. Our opinion is not qualified in respect of this matter.
7. We draw attention to Note 6 in the quarterly financial results which discusses liquidity issues being faced by the Company and management's plan and other mitigating factors to counter these issues. These conditions, along with other matters as set forth in aforesaid note, indicate the existence of a material uncertainty that may cast a doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.
8. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2014 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under Clause 41(i)(d) of the Listing Agreement.
9. Further, read with paragraph 1 above, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the company in terms of clause 35 of the Listing Agreement and found the same to be correct.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

Hemal Shah

per **Hemal Shah**

Partner

Membership Number: 42650

Place of Signature: Mumbai

Date: 29 May 2014

