

NS/LEGAL/2014-15/BSE/2015

August 31, 2015

The BSE Ltd.,
Corporate Relationship Department
25th Floor, P.J. Towers
Dalal Street, Fort,
MUMBAI 400 001.

Kind Attn : Ms. Sapna Mathukia - Relationship Manager.

Dear Madam,

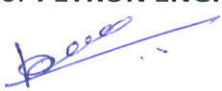
**Sub: Unaudited Financial Results for the Quarter Ended 30th June, 2015 and
Limited Review Report**

We are sending herewith the Unaudited Financial Results for the quarter ended 30th June, 2015, alongwith Limited Review Report dated 31st August, 2015 for the Quarter Ended 30th June, 2015 by M/s. Lodha & Co., Chartered Accountants, New Delhi, Auditors of the Company, pursuant to Clause 41 of the Listing Agreement.

Kindly take the aforesaid Unaudited Financial Results and Limited Review Report on your records.

Thanking you,

Yours faithfully,
For **PETRON ENGINEERING CONSTRUCTION LIMITED,**


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

NS.rr

✓ Cc: National Stock Exchange of India Ltd.
Cc: NSDL
Cc: CDSL

Petron Engineering Construction Limited

Regd. Office: Swastik Chambers, Sion-Trombay Road, Chembur, Mumbai-400071

Tel No.: 91 22 4005 6250, Fax No.: 91 22 4005 6250, Email: corporate@petronengineering.com, Website: www.petronengineering.com, CIN: L45202MH1976PL019135

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2015

Particulars	Quarter Ended			Rupees in Lacs
	30th June 2015 (Unaudited)	31st March 2015 (Audited)	30th June 2014 (Unaudited)	Twelve Months Ended 31st March 2015 (Audited)
1 Income from Operations				
(a) Net Sales/Income from Operations (net of service tax, sales tax & excise duty)	10,296	12,404	5,991	41,368
(b) Other Operating Income	16	8		50
Total Income Operations (Net)	10,312	12,412	5,991	41,418
2 Expenditure				
(a) Cost of Materials Consumed	3,065	4,852	1,884	14,733
(b) Changes in Project inventories	57	(70)	(132)	(70)
(c) Sub-contracting expenses	2,986	2,973	2,104	10,499
(d) Employees Benefits Expense	2,155	1,968	1,959	8,146
(e) Depreciation and Amortisation Expense	206	213	270	978
(f) Other expenditure	1,298	1,259	1,038	4,959
Total	9,767	11,195	7,123	39,245
3 Profit/(Loss) from Operations before Other Income, Finance cost and Exceptional items	545	1,217	(1,132)	2,173
4 Other Income	248	569	50	851
5 Profit/(Loss) from ordinary activities before Finance Cost and Exceptional items	793	1,786	(1,082)	3,024
6 Finance Cost	619	623	693	2,838
7 Profit/(Loss) from ordinary activities after Finance costs but before Exceptional items	174	1,163	(1,775)	186
8 Exceptional items				
9 Net Profit / (Loss) from ordinary activities before tax	174	1,163	(1,775)	186
10 Tax Expenses	59	159	(39)	124
11 Net Profit/ (Loss) from ordinary activities after tax	115	1,004	(1,736)	62
12 Extraordinary items (net of taxes Rs. Nil)				
13 Net Profit/ (Loss) for the period	115	1,004	(1,736)	62
14 Paid-up equity share capital (Face Value: Rs.10/- per equity share)	754	754	754	754
15 Reserve excluding Revaluation Reserves as per balance sheet of previous year				14,831
16 Earnings per Share (EPS) (of Rs. 10/- each) (not annualised)				
(a) Basic and diluted EPS before Extraordinary items	1.53	13.32	(23.03)	0.82
(b) Basic and diluted EPS after Extraordinary items	1.53	13.32	(23.03)	0.82
(A) PARTICULARS OF SHAREHOLDING				
1 Public shareholding				
Number of Shares	2,075,197	2,075,197	2,075,197	2,075,197
Percentage of shareholding	27.53%	27.53%	27.53%	27.53%
2 Promoters & Promoter Group Shareholding				
(a) Pledge / Encumbered				
- No of Shares	Nil	Nil	Nil	Nil
- % of Shares (as a % of the total shareholding of promoter & promoter group)	Nil	Nil	Nil	Nil
- % of Shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil
(b) Non encumbered				
- No of Shares	5,463,203	5,463,203	5,463,203	5,463,203
- % of Shares (as a % of the total shareholding of promoter & promoter group)	100%	100%	100%	100%
- % of Shares (as a % of the total share capital of the Company)	72.47%	72.47%	72.47%	72.47%
(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



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 held on the 31st August, 2015.
- 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 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year upto March 31, 2015 and the unaudited published year-to-date figures upto December 31, 2014, being the date of the end of the 3rd quarter of the financial year, which were subject to limited review.
- 5 The Auditors have commented on,

Auditors' Qualification	Company's Response
(a) In respect of certain contracts, as at March 31, 2015, trade receivables and unbilled revenue of Rs. 1,501 Lacs (30th June 2015 Rs.1425 lacs) (net of provisions and mobilization advance of Rs. 4,240 lacs) (30th June 2015 Rs.4240 lacs) and Rs. 7,756 Lacs (30th June 2015 Rs.7756 lacs) respectively are doubtful of recovery as the said contracts are under suspension or are delayed and the balances receivable from the customers are subject to final confirmation due to pending negotiations. Similarly, the trade payables to vendors in respect of the above mentioned suspended contracts as recorded in the books aggregating to Rs. 1,323 Lacs (30th June 2015 Rs.1206 lacs) are also subject to negotiations and final confirmation. In the absence of such confirmations and pending final outcome of the negotiations, auditors have stated that they are unable to comment upon the amounts ultimately receivable/payable in respect of this contract and the consequential impact on the reported profit for the quarter ended June 30, 2015 and corresponding assets and liabilities as at that date. Auditors have also commented on the financial statements for the year ended March 31, 2015 and review report on the result for the quarter ended June 30, 2014 was also modified in respect of above matter.	The matter mainly relates to a mega project (the largest private investment in the region) - which is nearly 60% complete, which had hit a temporary roadblock because of the cost escalation, natural disaster and financial constraints at the client's end. In March 2015, The company had meeting with the client wherein the client has confirmed that they are in an advanced stage for tying up with an investor for financial support to restart the project. Borrowings by the said client is continued to be considered as standard asset. The project is expected to restart within a period of 2/3 months. Apart from the above, the same has also been reaffirmed by the top executives of the said customer. 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 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. 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.
(b) In respect of recognized revenue of Rs. 2,555 Lacs (during earlier periods) (30th June 2015 Rs. 2426 lacs) on cost overruns arising due to design changes and delay in completion on certain contracts, without change orders/customer acceptance in respect of the same. Due to the uncertainty over ultimate collection and recoverability of the said amounts, Auditors stated that they are unable to comment on the amounts ultimately receivable in respect of these contracts including consequential adjustments that may be required in this regard, and consequential impact on the reported profit for the quarter ended June 30, 2015 and also corresponding impact on state of affairs as on that date. Auditors have also commented on the financial statements for the year ended March 31, 2015 and review report for the quarter ended June 30, 2014, was also modified in respect of the above matter.	The contracts have provisions for issuance of change orders due to modifications in specifications, scope and methodology of execution of work. During execution of works, some of the specifications have undergone changes for which change order requests have been sent to the respective clients. The company is currently in discussion for getting change orders issued. The management is confident of receiving the recognised revenue after completion of pending formalities in due course of time.
(c) In respect of recognized revenues of Rs. 1301 Lacs till March 31, 2015 (30th June 2015 Rs.1301 lacs), on account of cost overruns arising due to design changes, contract interpretation issues and delay in completion on certain contracts, which in the opinion of auditors, should not have been recognized because they are not in accordance with the revenue recognition principles set out in the Accounting Standard AS 7 Construction Contracts. Accordingly the revenue, profit and unbilled revenue balance as of March 31, 2015 were stated higher by Rs. 1,301 Lacs. Review report of Auditors on the financial result for the quarter ended June 30, 2015 have also been modified, on the same issue.	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. The Company is negotiating with the Clients and is confident of realisation of those claims.

Mumbai, 31st August, 2015



For Petron Engineering Construction Limited

Ajay Hans
Ajay Hans
Managing Director



**LODHA
& CO**

Chartered Accountants

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E-mail : delhi@lodhaco.com

To
The Board of Directors,
Petron Engineering Construction Limited

Subject: Limited Review Report for the Quarter Ended 30th June, 2015

1. We have reviewed the accompanying statement of unaudited financial results ("the statement") of **Petron Engineering Construction Limited** ("the Company") for the quarter ended 30th June, 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 audited by us. 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 qualification :**

- i) *Note no. 5(a) of the accompanying statement of unaudited financial results in respect of certain suspended / delayed contracts, as of 30th June 2015, trade receivables and unbilled revenue of Rs.1,425 lacs (FY ended March, 2015 Rs.1,501 lacs) (net of provisions and mobilization advances of Rs. 4,240 lacs (FY ended March, 2015 Rs.4,240 lacs)) and Rs.7,756 lacs respectively (FY ended March, 2015 Rs.7,756 lacs) are doubtful of recovery and the balances receivables from the customers are subject to pending confirmation/ negotiation. Further, the trade payables aggregated to Rs. 1,206 lacs (FY ended 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 period ended on 30th June 2015 and corresponding assets / liabilities as at that date. This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarters ended 30th June 2014 and audit report on the financial statement for the quarter/ year ended 31st March 2015.*



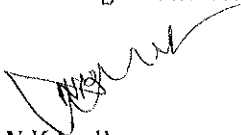
Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

- ii) *Note no 5 (b) of the accompanying statement of unaudited financial results. The company has recognised revenue of Rs. 2,426/- lacs (till 31st March, 2015 Rs. 2555 lacs) on account of cost overruns on certain contracts, without change orders / customer acceptance / confirmation. We are unable to comment on the amounts ultimately receivable in respect of these contracts (including required consequential adjustment; if any) and impact thereof on the reported profit for the quarter ended 30th June 2015 and corresponding impact on the state of affairs as on date, due to the uncertainty over ultimate realisability of the said balances. This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarters ended 30th June 2014 and audit report on the financial statement for the quarter/ year ended 31st March 2015.*
- iii) *Note no. 5 (c) of the accompanying statement of unaudited financial results. The Company has recognised revenues of Rs. 1301 lacs till 31st March, 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 balance in statement of profit & loss account and also unbilled revenue balance as at 30th June 2015 is higher 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.*
4. Based on our review conducted as above, Subject to the possible effect of the matters stated in paragraph 3(i) & (ii) and effect of matters as stated in paragraph 3 (iii) 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: New Delhi

Dated: 31/8/2015

