

NS/LEGAL/2015-16/BSE

July 13, 2015

To:
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: Audited Financial Results for the Quarter and Year Ended 31st March, 2015 alongwith the Statement of Assets & Liabilities and the Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company.

Pursuant to Clause 41 of the Listing Agreement, enclosed please find copy of Audited Financial Results for the Quarter and Year ended 31st March, 2015 alongwith the Statement of Assets & Liabilities as approved and taken on record by the Board at its meeting held on 13TH July, 2015.

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

Petron Engineering Construction Limited

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

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STATEMENT OF AUDITED RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2015

Particulars	Quarter Ended			Rupees in Lacs	
	31st March 2015 (Audited)	31st December 2014 (Unaudited)	31st March 2014 (Audited)	31st March 2015 (Audited)	31st March 2014 (Audited)
1 Income from Operations					
(a) Net Sales/Income from Operations (net of service tax, sales tax & excise duty)	12,404	12,744	8,924	41,368	37,587
(b) Other Operating Income	8	7	29	50	50
Total Income Operations (Net)	12,412	12,751	8,953	41,418	37,637
2 Expenditure					
(a) Cost of Materials Consumed	4,852	4,117	2,582	14,733	10,522
(b) Changes in Project inventories	(70)	5	5	(70)	25
(c) Sub-contracting expenses	2,973	3,002	2,246	10,499	7,852
(d) Employees Benefits Expense	1,968	2,108	1,938	8,146	8,941
(e) Depreciation and Amortisation Expense	213	247	387	978	1,659
(f) Other expenditure	1,259	1,333	1,150	4,959	6,324
Total	11,195	10,812	8,308	39,245	35,323
3 Profit/(Loss) from Operations before Other income, Finance cost and Exceptional items	1,217	1,940	645	2,173	2,314
4 Other Income	569	192	75	851	305
5 Profit/(loss) from ordinary activities before Finance Cost and Exceptional items	1,786	2,131	720	3,024	2,619
6 Finance Cost	623	770	676	2,838	2,436
7 Profit/(Loss) from ordinary activities after Finance costs but before Exceptional items	1,163	1,361	44	186	183
8 Exceptional items	-	-	-	-	-
9 Net Profit / (Loss) from ordinary activities before tax	1,163	1,361	44	186	183
10 Tax Expenses	159	-	(241)	124	(196)
11 Net Profit/ (Loss) from ordinary activities after tax	1,004	1,361	285	62	379
12 Extraordinary items (net of taxes Rs.Nil)	-	-	-	-	-
13 Net Profit/ (Loss) for the period	1,004	1,361	285	62	379
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	-	-	-	14,831	14,824
16 Earnings per Share (EPS) (of Rs 10/- each) (not annualised)					
(a) Basic and diluted EPS before Extraordinary items	13.32	18.06	3.77	0.82	5.03
(b) Basic and diluted EPS after Extraordinary items	13.32	18.06	3.77	0.82	5.03
(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
(b) Non encumbered					
- No of Shares	5,463,203	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%	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 2015
(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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Statement of Assets and Liabilities

Rupees in Lacs

Particulars	As at 31st March 2015 (Audited)	As at 31st March 2014 (Audited)
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share Capital	754	754
(b) Reserves and surplus	15,387	15,382
Sub-total- Shareholders' funds	16,141	16,136
2 Non-current liabilities		
(a) Long-term borrowings	1,516	2,757
(b) Deferred tax liabilities (net)	74	65
(c) Other long-term liabilities	1,877	4,932
(d) Long-term provisions	126	113
Sub-total- Non-current liabilities	3,593	7,867
3 Current liabilities		
(a) Short-term borrowings	13,825	11,726
(b) Trade Payable	10,759	9,431
(c) Other Current liabilities	16,736	15,193
(d) Short term provisions	262	276
Sub-total Current liabilities	41,582	36,626
TOTAL - EQUITY AND LIABILITIES	61,316	60,629
B ASSETS		
1 Non-current assets		
(a) Fixed assets	7,254	8,097
(b) Non-current Investments (Cost Rs. 1,000)	0	0
(c) Long-term loans and advances	4,082	3,719
(d) Other non-current assets	9,465	3,132
Sub-total- Non-current assets	20,801	14,948
2 Current assets		
(a) Inventories	253	116
(b) Trade receivables	16,435	10,488
(c) Cash and cash equivalents	1,489	1,133
(d) Short-term loans and advances	1,737	1,705
(e) Other current assets	20,601	32,239
Sub-total- Current assets	40,515	45,681
TOTAL - ASSETS	61,316	60,629

SIGNED FOR IDENTIFICATION
BY

S R B C & CO LLP
MUMBAI





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 13th July, 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 ultimate parent company had earlier given an unconditional financial support letter to bridge the working capital gap, if any, upto June 30, 2015. Further during the current quarter the parent has extended the same upto June 30, 2016.
- 4 A Vendor had filed winding-up petition against the Company for non-payment of debt due after having raised demand of Rs.1,277 lacs on the Company.

The Division Bench of Hon'ble High Court of Bombay has passed an Order on June 26, 2014 and directed the Company to pay Rs. 750 lacs (in 10 equal monthly installments) w.e.f. August, 2014. Accordingly the company has paid all the instalments, the last instalment was paid in May 2015.

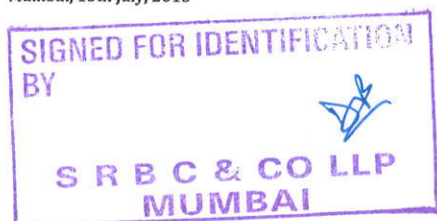
In May 2015, the vendor has invoked arbitration proceedings which have been challenged by the Company. Accordingly it has been considered as a contingent liability.

- 5 During the quarter ended September 30, 2014, the Company has revised the estimated revenue, cost and project related provisions during the course of the period on account of prolongation of the contracts' tenure as per the requirement of the clients owing to uncertainty surrounding completion of the projects which were due to reasons beyond the Company's control and which relate to earlier periods. Accordingly, the total of such earlier period adjustments which are debited to the Statement of Profit and Loss and impacts profit for the quarters ended March 31, 2015 and December 31, 2014 by Rs. Nil and for the year ended March 31, 2015 by Rs 3,593 Lacs. The company has also lodged claims corresponding to these costs. These will be accounted as and when settled.
- 6 Pursuant to the Companies Act, 2013 ("the Act"), the management, based on their evaluation has reassessed the useful life of fixed assets. Consequently, the depreciation charge for the quarter ended December 31, 2014, for the quarter ended March 31, 2015 and year ended March 31, 2015 would have been higher by Rs. 109.87 lacs, Rs. 99.66 lacs and Rs. 301.20 lacs respectively. In accordance with the Act, the carrying value of the fixed assets as at April 1, 2014 is depreciated over the revised residual life of the fixed assets and where the revised residual life of the fixed asset is nil as at that date, the carrying value of the fixed assets, after retaining the residual value, has been adjusted against the retained earnings. Consequently, the retained earnings has been decreased by Rs. 54.15 lacs (Net of Deferred Tax Rs. 29.43 lacs).
- 7 The previous period / year figures have been regrouped/reclassified to make them comparable with the current period / year figures wherever necessary.
- 8 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.
- 9 The Auditors have commented on,

Auditors' Qualification	Company's Response
We report that in respect of certain contracts, as at March 31, 2015, trade receivables and unbilled revenue of Rs. 1,501 Lacs (net of provisions and mobilization advance of Rs. 4,240 Lacs) and Rs. 7,756 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 are also subject to negotiations and final confirmation. 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 on the reported profit for the three months and year ended March 31, 2015 and corresponding assets and liabilities as at that date. Our Audit Report on the financial statements for the year ended March 31, 2014 and our review reports on results for the quarters ended June 30, 2013, September 30, 2013, December 31, 2013, June 30, 2014, September 30, 2014 and December 31, 2014 was also modified in respect of the 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. In March 2015, the company had a 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. 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 in due course of time. 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.
We report that the Company has recognized revenue of Rs. 2,555 Lacs (during earlier periods) 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, we 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 three months and year ended March 31, 2015 and corresponding assets as at that date. Our audit report on the financial statements for the year ended March 31, 2014 and our review reports for the quarter ended December 31, 2013, June 30, 2014, September 30, 2014 and December 31, 2014 were 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. Therefore, there will not be any impact on reported profit for the quarter and year ended March 31, 2015 and on corresponding assets as at that date.
We report that the Company has recognized revenues of Rs. 328 Lacs during the three months ended March 31, 2015 and Rs 973 lacs in the earlier quarters, on account of cost overruns arising due to design changes, contract interpretation issues and delay in completion on certain contracts, which in our opinion, 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 and profit for the three months ended March 31, 2015 would be lower by Rs. 328 Lacs and unbilled revenue balance as of March 31, 2015 would be lower by Rs. 1,301 Lacs. Our review reports for the quarter ended September 30, 2014 and December 31, 2014 were also modified in respect of the above matter.	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. Therefore, there will not be any impact on reported profit for the quarter and year ended March 31, 2015 and on corresponding assets as at that date.

Mumbai, 13th July, 2015

For Petron Engineering Construction Limited



Ajay Hans
Ajay Hans
Managing Director



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
The Board of Directors
Petron Engineering Construction Limited

Introduction

1. We have audited the quarterly financial results of Petron Engineering Construction Limited for the quarter ended March 31, 2015 and the financial results for the year ended March 31, 2015, 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, 2015 and the published year-to-date figures up to December 31, 2014, being the date of the end of the third quarter of the current financial year, which were subject to limited review. The financial results for the quarter ended March 31, 2015 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2014, the audited annual financial statements as at and for the year ended March 31, 2015, and the relevant requirements of Clause 41 of the Listing Agreement and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2014 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2015; and the relevant requirements of Clause 41 of the Listing Agreement.

Scope of Review

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



Petron Engineering Construction Limited
Limited Review for the quarter ended March 31, 2015

Basis for Qualified Opinion

3. We report that in respect of certain contracts, as at March 31, 2015, trade receivables and unbilled revenue of Rs. 1,501 Lacs (net of provisions and mobilization advance of Rs. 4,240 Lacs) and Rs. 7,756 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 are also subject to negotiations and final confirmation. 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 on the reported profit for the three months and year ended March 31, 2015 and corresponding assets and liabilities as at that date. Our Audit Report on the financial statements for the year ended March 31, 2014 and our review reports on results for the quarters ended June 30, 2013, September 30, 2013, December 31, 2013, June 30, 2014, September 30, 2014 and December 31, 2014 was also modified in respect of the above matter.
4. We report that the Company has recognized revenue of Rs. 2,555 Lacs (during earlier periods) 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, we 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 three months and year ended March 31, 2015 and corresponding assets as at that date. Our audit report on the financial statements for the year ended March 31, 2014 and our review reports for the quarter ended December 31, 2013, June 30, 2014, September 30, 2014 and December 31, 2014 were also modified in respect of the above matter.
5. We report that the Company has recognized revenues of Rs. 328 Lacs during the three months ended March 31, 2015 and Rs 973 Lacs in the earlier quarters, on account of cost overruns arising due to design changes, contract interpretation issues and delay in completion on certain contracts, which in our opinion, 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 and profit for the three months ended March 31, 2015 would be lower by Rs. 328 Lacs and unbilled revenue balance as of March 31, 2015 would be lower by Rs. 1,301 Lacs. Our review reports for the quarter ended September 30, 2014 and December 31, 2014 were also modified in respect of the above matter.



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Petron Engineering Construction Limited
Limited Review for the quarter ended March 31, 2015

Qualified Conclusion

6. *Except for the possible effects of the matters stated in paragraph 3 and paragraph 4 and except for the effects of the matter stated in paragraph 5 above, in our opinion and to the best 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, 2015 and for the year ended March 31, 2015.
7. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2015 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2015 and the published year-to-date figures up to December 31, 2014, 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.
8. 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 B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



per Shyamsundar Pachisia
Partner
Membership Number: 49237
Place of Signature: Mumbai
Date: 13 July 2015

