

Petron Engineering Construction Limited

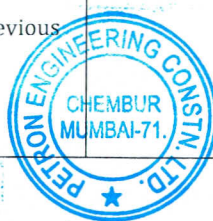
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STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2015

Rupees in Lacs

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31st December 2015	30th September 2015	31st December 2014	31st December 2015	31st December 2014	31st March 2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Income from Operations						
(a) Net Sales/Income from Operations (net of service tax, sales tax & excise duty)	10,244	11,356	12,744	31,938	28,964	41,368
(b) Other Operating Income	16	3	-	31	-	50
Total Income Operations (Net)	10,260	11,359	12,744	31,969	28,964	41,418
2 Expenditure						
(a) Cost of Materials Consumed	2,406	3,554	4,117	8,909	9,881	14,733
(b) Changes in Project inventories	-	13	5	186	-	(70)
(c) Sub-contracting expenses	3,590	3,396	3,002	9,972	7,526	10,499
(d) Employees Benefits Expense	2,078	2,093	2,108	6,326	6,178	8,146
(e) Depreciation and Amortisation Expense	175	178	247	560	765	978
(f) Other expenditure	1,346	1,411	1,333	4,097	3,700	4,959
Total	9,595	10,645	10,812	30,050	28,050	39,245
3 Profit/(Loss) from Operations before Other income, Finance cost and Exceptional items	665	714	1,932	1,919	914	2,173
4 Other Income	151	68	199	470	324	851
5 Profit/(loss) from ordinary activities before Finance Cost and Exceptional items	816	782	2,131	2,390	1,238	3,024
6 Finance Cost	632	635	770	1,886	2,215	2,838
7 Profit/(Loss) from ordinary activities after Finance costs but before Exceptional items	184	147	1,361	504	(977)	186
8 Exceptional items	-	-	-	-	-	-
9 Net Profit / (Loss) from ordinary activities before tax	184	147	1,361	504	(977)	186
10 Tax Expenses	14	45	-	118	(35)	124
11 Net Profit/ (Loss) from ordinary activities after tax	170	102	1,361	386	(942)	62
12 Extraordinary items (net of taxes Rs.Nil)	-	-	-	-	-	-
13 Net Profit/ (Loss) for the period	170	102	1,361	386	(942)	62
14 Paid-up equity share capital (Face Value: Rs.10/- per equity share)	754	754	754	754	754	754
15 Reserve excluding Revaluation Reserves as per balance sheet of previous	-	-	-	-	-	-
16 Earnings per Share (EPS) (of Rs 10/- each) (not annualised)						
(a) Basic and diluted EPS before Extraordinary items	2.26	1.35	18.06	5.12	(12.50)	0.82
(b) Basic and diluted EPS after Extraordinary items	2.26	1.35	18.06	5.12	(12.50)	0.82

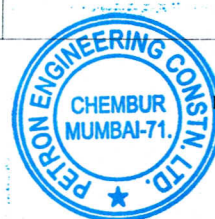


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Notes:

- 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 12th February, 2016.
- 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 that of current period / year wherever necessary.
- 4 The Auditors have commented on,

Auditors' Qualification	Company's Response
(a) In respect of certain suspended / delayed contracts, as of 31st Dec' 2015, trade receivables of Rs.1,128 lacs (quarter ended 30th Sept' 2015, trade receivables Rs.1,128 lacs) ((FY ended 31st March 2015 Rs.1,501 lacs)(net of provisions and mobilization advances of Rs. 4,211 lacs) (quarter ended 30th Sept 2015 Rs. 4,211 lacs) (FY ended 31st March 2015 Rs.4,240 lacs) (quarter ended 31st Dec 2014 1,257 lacs) and unbilled revenue of Rs.7,805 lacs ((quarter ended 30th Sept 2015 Rs. 7,784 lacs) (FY ended 31st March 2015 Rs.7,756 lacs) (quarter ended 31st Dec 2014 Rs. 7,661 lacs)) are doubtful of recovery and the balances receivables from the customers are pending confirmation/ negotiation . Further, the trade payables aggregated to Rs. 1,206 lacs ((quarter ended 30th Sept 2015 Rs.1,206 lacs) (FY ended 31st March 2015 Rs.1,323 lacs) (quarter ended 31st Dec 2014 Rs. 1,473 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 31st Dec2015 and its corresponding impact on assets / liabilities as at that date. This matter was also qualified in the report of the predecessor auditors on the financial results for the quarter ended 31st Dec 2014 and audit report on the financial statements for the year ended 31st March 2015.	The matter mainly relates to a mega project (the largest private investment in the region) – which is nearly 60% complete, which had hit a 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. Considering the recent developments the management is confident that the project will restart in near future. Apart from the above, the same has also been reaffirmed by the top executives of the said customer. As commented 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 payables are 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) The company has recognised revenue of Rs.1,353 lacs (till 30th Sept 2015, Rs1,353/- lacs) (till 31st March 2015 Rs.2,555/- lacs) on account of cost overruns on certain contracts, pending acceptance / confirmation from customers and our inability to comment on the amounts ultimately receivable in respect of these contracts and its impact on the reported profit for the three months period ended 31st Dec 2015 .This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter ended 31st Dec 2014 and audit report on the financial statements for the year ended 31st March 2015.	The contracts have provisions for issuance of change orders due to modifications in specifications, scope and methodology of execution of work, escalation in rates due to prolongation of the contracts . During execution of works, some of the specifications, scope, methodology of execution have undergone changes for which change order requests have been sent to the respective clients. The management is confident of receiving the recognised revenue after completion of pending formalities in due course of time.
(c) The Company has recognised revenues of Rs. 31 lacs ((Till 31st Dec 2015 Rs.2929 lacs) (till 31st March 2015 Rs.1,301 lacs)) during the three months period ended 31st Dec 2015 , on account of cost overruns / claims on certain contracts, which are not in accordance with the principles set out in the Accounting Standards AS-7 'Construction Contracts '. Accordingly the Revenue and profit for the three months and nine months period ended 31st Dec 2015 is higher by Rs. 31 lacs and Rs.1,628 lacs respectively and also balance in unbilled revenue balance as at 31st Dec 2015 is higher by Rs.2,929 lacs ((as at 31st Sept 2015 Rs.2,898 lacs) (as at 31st March 2015 by Rs.1,301 lacs)) . This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter ended 31st Dec 2014 and audit report on the financial statements for the year ended 31st March 2015.	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. Further, during execution of works, some of the specifications, scope, methodology of execution have undergone changes for which change order requests have been submitted with the respective clients. The Company is negotiating with the Clients and is confident of realisation of those claims.



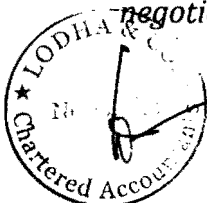
For Petron Engineering Construction Limited

Ajaya
Ajay Hans
Managing Director
DIN 03068249

Mumbai, 12th February, 2016

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

1. We have reviewed the accompanying statement of standalone unaudited financial results ("the Statement") of Petron Engineering Construction Limited ("the Company") for the quarter and nine months period ended 31st Dec 2015, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 12th Feb 2016. Our responsibility is to issue a report on the statement based on our review.
2. We conducted our review of the statement 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 statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure 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. **Attention is drawn to the following qualifications :**
 - i) *Note no. 4(a) of the accompanying unaudited statement of financial results in respect of certain suspended / delayed contracts, as of 31st Dec' 2015, trade receivables of Rs.1,128 lacs (quarter ended 30th Sept' 2015, trade receivables Rs.1,128 lacs) ((FY ended 31st March 2015 Rs.1,501 lacs) (net of provisions and mobilization advances of Rs. 4,211 lacs) (quarter ended 30th Sept 2015 Rs. 4,211 lacs) (FY ended 31st March 2015 Rs.4,240 lacs) (quarter ended 31st Dec 2014 1,257 lacs) and unbilled revenue of Rs.7,805 lacs ((quarter ended 30th Sept 2015 Rs. 7,784 lacs) (FY ended 31st March 2015 Rs.7,756 lacs) (quarter ended 31st Dec 2014 Rs. 7,661 lacs)) are doubtful of recovery and the balances receivables from the customers are pending confirmation / negotiation. Further, the trade payables aggregated to Rs. 1,206 lacs ((quarter ended 30th Sept 2015 Rs.1,206 lacs) (FY ended 31st March 2015 Rs.1,323 lacs) (quarter ended 31st Dec 2014 Rs. 1,473 lacs)) in respect of above mentioned contracts are also subject to final negotiation / confirmation. We are unable to comment upon the status of*



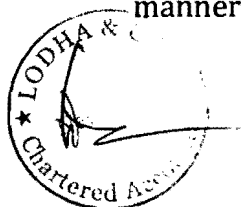
amount receivables / payables on the reported profit for the three months period ended on 31st Dec 2015 and its corresponding impact on assets / liabilities as at that date.

This matter was also qualified in the report of the predecessor auditors on the financial results for the quarter ended 31st Dec 2014 and audit report on the financial statements for the year ended 31st March 2015.

- ii) Note no. 4(b) of the accompanying statement of unaudited financial results, the company recognised revenue of Rs.1,353 lacs (till 30th Sept 2015 Rs.1,353/- lacs) (till 31st March 2015 Rs.2,555/- lacs) on account of cost overruns on certain contracts, pending acceptance / confirmation from customers and our inability to comment on the amounts ultimately receivable in respect of these contracts and its impact on the reported profit for the three months period ended 31st Dec 2015. This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter ended 31st Dec 2014 and audit report on the financial statements for the year ended 31st March 2015.
- iii) Note no.4(c) of the accompanying unaudited financial results, the Company has recognised revenues of Rs. 31 lacs ((Till 31st Dec 2015 Rs.2929 lacs) (till 31st March 2015 Rs.1,301 lacs)) during the three months period ended 31st Dec 2015, on account of cost overruns / claim on certain contracts, which are not in accordance with the principles set out in the Accounting Standards AS-7 'Construction Contracts'. Accordingly the Revenue and profit for the three months and nine months period ended 31st Dec 2015 is higher by Rs. 31 lacs and Rs.1,628 lacs respectively also balance in unbilled revenue balance as at 31st Dec 2015 is higher by Rs.2,929 lacs ((as at 31st Sept 2015 Rs.2,898 lacs) (as at 31st March 2015 by Rs.1,301 lacs)). This matter was also qualified in the report of the predecessor auditors on the financial statements for the quarter ended 31st Dec 2014 and audit report on the financial statements for the year ended 31st March 2015.

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

- 4. Except for the possible effect of the matters stated in paragraph 3(i), (ii), (iii), (iv), (v) and (vi) under the heading qualifications above, based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with aforesaid applicable accounting standards and other recognised accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

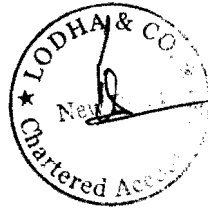


5. We draw attention to :

- i) Regarding pending confirmation / reconciliation of balances of certain receivables, payables, other liabilities and loans and advances as at 31st Dec 2015 where the management is confident that there will not be material impact on confirmation / reconciliation on profit for the quarter.

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

For LODHA & Co.
Chartered Accountants
Firm Registration No. 301051E



N.K. Lodha
(Partner)
Membership No. 85155

Place: New Delhi
Dated: 12th February 2016