

McNally Bharat Engineering Company Limited

CIN : L45202WB1961PLC025181

Corporate Office : Ecospace Campus 2B 11F/12

New Town Rajarhat North 24 Parganas Kolkata 700 160

T +91 33 30141111

E mbe.corp@mbecl.co.in W www.mcnallybharat.com

Registered Office : 4 Mangoe Lane Kolkata-700 001

February 14, 2020

Bombay Stock Exchange Limited
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block, Bandra - Kurla
Complex, Bandra (E), Mumbai - 400 051

Dear Madam/Sir,

Sub: Outcome of the Meeting of the Board of Directors of the Company held on February 14, 2020

This is to inform you that the Board of Directors at its meeting held on even date has approved the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months' period ended December 31, 2019. In compliance with the provisions of Regulation 33 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), please find enclosed herewith the aforesaid Financial Results, along with the Limited Review Reports of the Statutory Auditors thereon.

The other item of business approved by the Board of Directors at their Meeting held this day, inter-alia, included the following:-

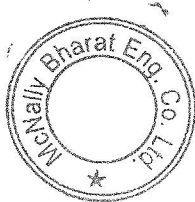
- i) The Board approved the appointment of Mr. Nilotpal Roy, (DIN: 00087298) as an Additional Non-Executive Independent Director on the Board of the Company, the details required under Regulation 30 of the SEBI (LODR) Regulations, 2015 relating to the appointment of Mr. Nilotpal Roy are enclosed as Annexure-1.
- ii) The Board approved the appointment of Ms. Kasturi Roychowdhury (DIN: 06594917) as an Additional Non-Executive Independent Director on the Board of the Company, the details required under Regulation 30 of the SEBI (LODR) Regulations, 2015 relating to the appointment of Ms. Kasturi Roychowdhury are enclosed as Annexure-2.

Thanking You,

Yours Faithfully,

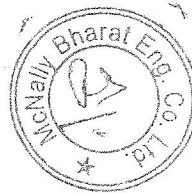
For McNally Bharat Engineering Company Limited

Rahul Banerjee
Company Secretary



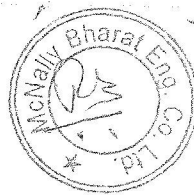
Profile of Mr. Nilotpal Roy (DIN: 00087298)

Name	Nilotpal Roy
Date of Birth	January 14, 1948
Designation	Additional Non-Executive Independent Director
Present Residential Address	1B/1, Lala Lajpat Rai Road, A - Zone, Durgapur, PIN-713204, West Bengal, India
Qualification	B. Tech - Chem Engg - NIT, Durgapur M. Tech - Chem Engg - NIT, Durgapur
Experience/Expertise in functional areas	He has more than four decades of experience in Engineering, Management, and Leadership. He had held prestigious positions such as Managing Director of SAIL, IISCO Steel Plant; CEO/ED (Plant Head) / MD of Adhunik Metaliks, Mackeil Ispat and Forgings Ltd, and Monnet Ispat & Energy.
Shareholding in the Company	Nil
Date of appointment	February 14, 2020
Relation with existing directors	Not related to any Director on the Board of the Company



Profile of Ms. Kasturi Roychowdhury (DIN: 06594917)

Name	Kasturi Roychowdhury
Date of Birth	December 05, 1963
Designation	Additional Non-Executive Independent Director
Present Residential Address	3 No. Orient Row, Circus Avenue S.O., Circus Avenue, Kolkata - 700017, West Bengal, India
Qualification	DBF, ICFAI - Hyderabad PGDM, IIM - Ahmedabad B.E. (Electrical) - Jadavpur University
Experience/Expertise in functional areas	She has more than two decades of experience in Engineering and Management Consultancy, Strategic Planning, Organisation Development, Leadership & Motivation, etc.
Shareholding in the Company	Nil
Date of appointment	February 14, 2020
Relation with existing directors	Not related to any Director on the Board of the Company



Independent Auditors' Review Report on the Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2019

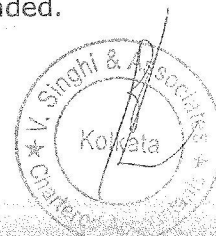
Review Report to
The Board of Directors
MCNALLY BHARAT ENGINEERING COMPANY LIMITED
KOLKATA

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Company") for the quarter and nine months ended 31st December, 2019 ("the Statement"). 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 the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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 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 for Adverse Conclusion

Due to non-provision of interest expense of Rs. 21,744.40 Lakhs for the nine months ended 31st December, 2019 (including Rs. 7,206.42 Lakhs for the quarter ended 31st December, 2019) on bank borrowings and inter-corporate borrowings as referred in Note 3 of the Statement, Finance Costs, liability on account of interest and total comprehensive loss for the nine months ended 31st December, 2019 are understated to that extent. In addition to this, interest of Rs. 9,216.88 Lakhs on inter-corporate borrowings was also not recognised in the Statement of Profit and Loss for the financial year ended 31st March, 2019.

4. Based on our review conducted as stated in Paragraph 2 above, and for reasons stated in Paragraph 3, the Statement of Unaudited Standalone Financial Results has not been prepared in accordance with the applicable Indian Accounting Standards and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.



5. Emphasis of Matters

(i) Material uncertainty related to Going Concern

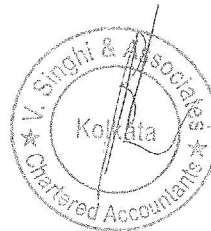
We draw attention to Note 4 to the Statement that the Company has incurred net loss of Rs. 22,347.16 Lakhs during the nine months ended 31st December, 2019 and has been unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Accordingly, this Statement has been prepared on going concern basis based on the management assessment of the successful outcome of the restructuring proposal.

(ii) Recognition of Deferred Tax Assets

We draw attention to Note 5 of the Statement, the Company had recognised deferred tax assets of Rs. 51,706.60 Lakhs upto 31st March, 2019 expecting adequate future taxable profits against which the deferred tax assets can be realised. However, the Company has not recognised any deferred tax assets for the nine months ended 31st December, 2019 on prudent basis.

Our conclusion is not modified in respect of the above matters.

For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 311017E



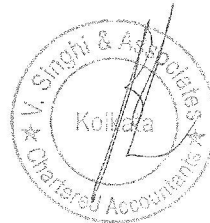

(**V. K. SINGHI**)
Partner

Membership No. 050051
UDIN: 20050051AAAABT2537

Place: Kolkata
Date: 14th February, 2020

Particulars	Three months ended			(Rs. in Lakhs, unless otherwise stated)		
	31 December 2019		30 September 2019	31 December 2018		31 March 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenue from operations						
(a) Net sales/ Income from operations	12,716.84	15,290.65	27,036.00	45,813.93	1,32,020.53	1,51,585.20
(b) Other operating income	32.08	90.84	64.41	206.12	126.65	251.48
Total income from operations	12,748.92	15,381.48	27,100.41	46,020.05	1,32,147.18	1,51,836.68
2 Other income	449.13	1,215.16	3,289.74	5,132.36	21,783.16	24,573.53
3 Total income (1+2)	13,198.05	16,596.65	30,390.15	51,152.41	1,53,930.34	1,76,410.21
4 Expenses						
(a) Cost of materials consumed	4,219.44	5,477.88	27,816.69	17,377.56	99,135.50	1,10,560.88
(b) Outsourcing expenses to job workers	3,153.47	8,404.69	9,216.49	17,448.82	29,846.96	41,200.06
(c) Employee benefits expense	1,247.85	2,060.08	2,418.89	5,372.68	7,296.73	9,657.21
(d) Finance costs	219.86	1,214.57	6,987.80	4,488.48	29,125.24	36,704.17
(e) Depreciation and amortization expense	307.05	235.77	250.80	783.50	815.09	1,058.57
(f) Other expenses	19,208.59	3,240.72	3,029.43	28,028.53	17,076.25	23,829.18
Total expenses	28,356.26	20,633.72	49,720.10	73,499.57	1,83,295.77	2,23,010.07
5 Profit/(Loss) before tax (3-4)	(15,158.21)	(4,037.07)	(19,329.95)	(22,347.16)	(29,365.43)	(46,599.86)
6 Tax expenses:						
Deferred tax	-	-	-	-	-	-
7 Profit/(Loss) for the period/year (5-6)	(15,158.21)	(4,037.07)	(19,329.95)	(22,347.16)	(29,365.43)	(46,599.86)
8 Other comprehensive income						
(a) Items that will not be reclassified to profit or loss	(26.33)	(26.33)	(25.27)	(78.99)	(75.80)	(105.32)
Total other comprehensive income (net of income tax)	(26.33)	(26.33)	(25.27)	(78.99)	(75.80)	(105.32)
9 Total comprehensive income for the period/year (7+8)	(15,184.54)	(4,063.40)	(19,355.22)	(22,426.15)	(29,441.23)	(46,705.19)
10 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.00	21,157.00	17,215.18	21,157.00	17,215.18	17,215.18
11 Reserves excluding revaluation reserve	-	-	-	-	-	31,948.52
12 Earnings per share (of Rs. 10/- each) (not annualised):						
Basic	(8.66)	(1.92)	(9.11)	(10.58)	(13.85)	(21.97)
Diluted	(8.66)	(1.92)	(9.11)	(10.58)	(13.85)	(21.97)

Also refer accompanying notes to the financial results.

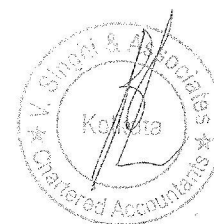


Place: Kolkata
 Date :14-02-2020

McNally Bharat Engineering Company Limited

Notes to the Statement of Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2019

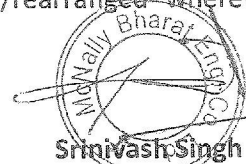
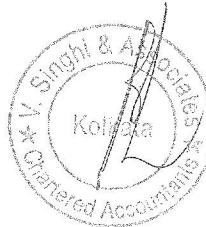
1. The above results have been reviewed and recommended by the Audit Committee at its meeting held on 13th February, 2020 and approved by the Board of Directors at its meeting held on 14th February, 2020.
2. The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.
3. Majority of the lender banks have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The amount of interest expenses not recognised on bank borrowings and Inter-Corporate Borrowings has been estimated at Rs. 21,744.40 Lakhs (including Rs. 7,206.42 Lakhs for the quarter ended 31st December, 2019) for the nine months ended 31st December 2019. In addition to the above, interest of Rs. 9,216.88 lakhs on inter-corporate borrowings was also not recognised in the statement of profit and loss for the financial year ended 31st March, 2019.
4. The Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the company's control and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. During the quarter ended 31st December, 2019, the Company has received binding Term Sheet for infusion of fresh funds for debt restructuring which is under consideration by the Lenders of the Company and the necessary processes have been initiated for debt restructuring. Based on the aforesaid positive developments, the Management of the company is hopeful that with the support of investors and the lenders and approval of the restructuring proposal, the Company expects to generate sufficient cash flows through profitable operations to discharge its financial obligation. Accordingly, the Board of Directors have decided to prepare the financial results for the quarter and nine months ended 31st December, 2019 on a going concern basis.
5. The company has recognised Deferred Tax Assets amounting to Rs 51,706.60 upto 31st March, 2019. The Company believes that based on the infusion of fresh funds through investors coming to the Company and the lenders support on the Resolution Plan, there will be adequate future taxable profits available against which the Deferred Tax Assets can be utilised. However the Company has not recognised any further Deferred Tax Assets for the nine months ended 31st December, 2019 taking a conservative approach.



6. The management has reviewed trade receivables and claims recoverable against bank guarantees invoked by certain parties and have initiated legal and other recoverable measures. Accordingly, provision of Rs. 15,154.16 lakhs against trade receivables and Rs. 2,805.57 lakhs against claims recoverable during the quarter ended 31st December, 2019 has been made and included under Other Expenses. The company is hopeful to recover the balance amount of Rs. 18,620.92 lakhs lying in the claim receivable account and further provision, if necessary, shall be made at the end of the current financial year.
7. During the period ended 31st December, 2019, application money received during earlier financial year on 40,00,000 shares warrants amounting to Rs. 620.00 lakhs has been forfeited as the balance subscription amount was not received within the prescribed date. The said amount has been transferred to the Other Equity.
8. The Company has adopted Ind AS 116 "Leases", effective annual reporting period beginning 1st April, 2019 and applied the standard to its leases retrospectively with the cumulative effect of initially applying the standard recognised on the date of initial application (1st April, 2019). The effect of this adoption did not have any significant impact to the financial result of the company. The new standard is effective from accounting periods beginning on or after 1st April, 2019. The Company has adopted the standard using the modified retrospective approach.
9. Project business is subject to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
10. Figures for the previous quarters/periods have been regrouped/rearranged wherever considered necessary.

Place: Kolkata

Date: 14th February, 2020



Srinivash Singh
Managing Director
DIN- 00789624

Independent Auditors' Review Report on the Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2019

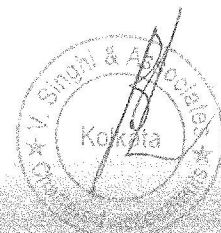
Review Report to
The Board of Directors
MCNALLY BHARAT ENGINEERING COMPANY LIMITED
KOLKATA

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Parent Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and nine months ended 31st December, 2019 ("the Statement"). This Statement is the responsibility of the Parent Company's Management and has been approved by the Parent Company's Board of Directors. 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 Engagements (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 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

3. Basis for Adverse Conclusion

Due to non-provision of interest expense of Rs. 24,105.40 Lakhs (including Rs. 8,118.42 Lakhs for the quarter ended 31st December, 2019) for the nine months ended 31st December, 2019 on bank borrowings and inter-corporate borrowings by the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited as referred in Note 3 of the Statement, Finance Costs, liability on account of interest and total comprehensive loss for the nine months ended 31st December, 2019 are understated to that extent. In addition to this, interest of Rs. 9,216.88 Lakhs on inter-corporate borrowings was also not recognised in the Statement of Profit and Loss of the Parent Company for the financial year ended 31st March, 2019.



4. Based on our review conducted as stated in Paragraph 2 above, and for reasons stated in Paragraph 3 above, the Statement of Unaudited Consolidated Financial Results has not been prepared in accordance with the applicable Indian Accounting Standards and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

5. Emphasis of Matters

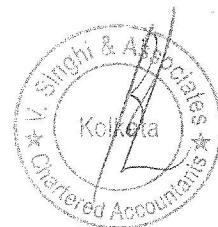
- (i) Material uncertainty related to Going Concern

We draw attention to note 4 of the Statement, the Group has incurred net loss of Rs. 22,456.17 Lakhs during the nine months ended 31st December, 2019 and the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited were unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Parent Company's management and the subsidiary's management is currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The ability of the Group to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Accordingly, this Statement has been prepared on going concern basis based on the management assessment of the successful outcome of the restructuring proposal.

- (ii) Recognition of Deferred Tax Assets

We draw attention to Note 5 of the Statement, the Group had recognised deferred tax assets of Rs. 57,940.49 Lakhs upto 31st March, 2019 expecting adequate future taxable profits against which the deferred tax assets can be realised. However, the Group has not recognised any deferred tax assets for the nine months ended 31st December, 2019.

Our conclusion is not modified in respect of the above matters.



6. The Statement includes the results of the following entities:

Wholly owned Subsidiary of the Parent Company

- McNally Bharat Equipments Limited
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited

Subsidiary Company of the Parent Company

- McNally Sayaji Engineering Limited

Step-down subsidiary of the Parent Company

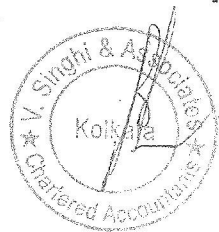
- MBE Mineral & Coal Technology India Private Limited (wholly owned Subsidiary of McNally Sayaji Engineering Limited)

7. We reviewed the consolidated financial results of one Subsidiary whose financial results reflect total revenue of Rs. 14,393 Lakhs and total comprehensive loss of Rs. 198 Lakhs as considered in the Statement for the nine months ended 31st December, 2019.

We did not review the Financial information/results of two foreign subsidiaries and one Indian subsidiary whose Financial information/results have not been reviewed by their auditors, and whose financial information reflect total revenue of Rs. Nil and total comprehensive loss of Rs. 2.23 Lakhs as considered in the Statement for the nine months ended 31st December, 2019. These Financial information/results are certified by the management. The results of the Joint Venture of the Parent Company i.e. EMC MBE Contracting Company LLC have not been consolidated. According to the information and explanations given to us by the Company's Management, these Financial information/results are not material to the Group.

Our conclusion is not modified in respect of the above matters.

For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 311017E



(V. K. SINGHI)
Partner

Membership No. 050051
UDIN: 20050051AAAABU7581

Place: Kolkata

Date: 14th February, 2020

McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

Reqd. Office: 4 MANGOE LANE, Kolkata 700 001

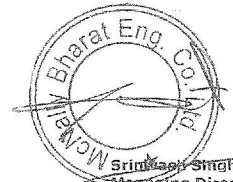
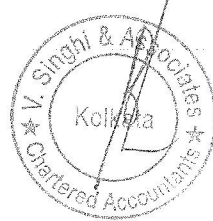
Web: www.mcnallybharat.com, Email id: mbecl@mbecl.co.in, Phone no: (033) 6628-1111

Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2019

(Rs. in Lakhs, unless otherwise stated)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31/12/2019 (Unaudited)	30/09/2019 (Unaudited)	31/12/2018 (Unaudited)	31/12/2019 (Unaudited)	31/12/2018 (Unaudited)	31/03/2019 (Audited)
1 Revenue from operations	16,423.75	20,672.89	31,497.55	59,297.03	1,47,438.75	1,74,141.34
2 Other Income	571.11	1,283.16	3,842.29	5,670.36	13,043.80	15,808.58
3 Total income (1+2)	16,994.86	21,956.05	35,339.84	64,967.39	1,60,482.55	1,89,949.92
4 Expenses						
(a) Cost of materials consumed	5,863.25	8,061.14	29,737.55	23,968.36	1,03,878.79	1,18,242.04
(b) Purchases of stock-in-trade	-	-	-	-	1,411.00	2,406.36
(c) Changes in inventories of work-in-progress and finished goods	(139.00)	585.76	237.76	325.00	761.91	1,182.85
(d) Outsourcing expenses to job workers	3,066.51	8,273.74	9,216.49	17,128.68	29,846.96	41,200.06
(e) Employee benefits expense	2,094.85	3,035.08	3,307.35	7,999.68	9,969.24	13,150.36
(f) Finance costs	331.73	1,344.25	7,871.68	5,104.48	32,121.00	40,607.16
(g) Depreciation and amortization expense	405.84	482.10	527.41	1,365.50	1,800.43	2,321.69
(h) Other expenses	20,272.50	4,496.44	1,145.26	31,557.07	35,607.30	48,416.14
Total expenses	31,895.68	26,278.51	52,043.50	87,448.78	2,15,396.63	2,67,526.66
5 Profit/(Loss) before tax and Exceptional items (3-4)	(14,900.81)	(4,322.46)	(16,703.66)	(22,481.38)	(54,914.08)	(77,576.74)
6 Exceptional Items	-	-	-	-	-	2,591.00
Profit/(Loss) before tax (5-6)	(14,900.81)	(4,322.46)	(16,703.66)	(22,481.38)	(54,914.08)	(80,167.74)
7 Tax expenses:						
Current Tax	-	-	-	-	-	-
Provision Written Back	-	(25.22)	-	(25.22)	-	-
Deferred tax	-	-	(352.60)	-	(250.60)	(1,102.10)
8 Profit/(Loss) for the period/year (6-7)	(14,900.81)	(4,297.24)	(16,351.06)	(22,456.16)	(54,663.48)	(79,065.64)
9 Other comprehensive income						
(a) Items that will not be reclassified to profit or loss	(55.88)	(58.16)	(4.94)	(169.99)	(37.47)	(225.13)
(b) Income tax relating to these items	-	-	(13.05)	-	(12.05)	31.15
Total other comprehensive income (net of income tax)	(55.88)	(58.16)	(17.99)	(169.99)	(49.52)	(193.98)
10 Total comprehensive income for the period/year (8+/-9)	(14,956.69)	(4,355.40)	(16,369.05)	(22,626.15)	(54,713.00)	(79,259.62)
11 Profit/(Loss) attributable to:						
Owners of MBECL	(14,948.52)	(4,249.41)	(16,270.88)	(22,436.66)	(54,501.47)	(78,337.61)
Non-Controlling interest	47.71	(47.83)	(80.18)	(19.73)	(162.02)	(728.01)
Total	(14,900.81)	(4,297.24)	(16,351.06)	(22,456.39)	(54,663.49)	(79,065.62)
12 Other Comprehensive income is attributable to:						
Owners of MBECL	(50.44)	(52.28)	(18.41)	(153.21)	(53.44)	(176.70)
Non-Controlling interest	(5.44)	(5.88)	0.43	(16.78)	3.93	(17.28)
Total	(55.88)	(58.16)	(17.98)	(169.99)	(49.51)	(193.98)
13 Total Comprehensive income is attributable to:						
Owners of MBECL	(14,998.96)	(4,301.70)	(16,289.29)	(22,589.87)	(54,554.91)	(78,514.32)
Non-Controlling interest	42.28	(53.70)	(79.75)	(36.51)	(158.09)	(745.29)
Total	(14,956.68)	(4,355.40)	(16,369.05)	(22,626.38)	(54,713.00)	(79,259.61)
10 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	17,215.18	21,157.08	17,215.18	17,215.18
11 Reserves excluding revaluation reserve	-	-	-	-	-	(4,227.50)
12 Earnings per share (of Rs. 10/- each) (not annualised):						
Basic	(7.06)	(2.07)	(7.72)	(10.68)	(25.81)	(4.56)
Diluted	(7.06)	(2.07)	(7.72)	(10.68)	(25.81)	(4.56)

Also refer accompanying notes to the financial results.



Place: Kolkata
Date: 14/02/2020

Srinivas Singh
Managing Director
DIN:00789624

McNally Bharat Engineering Company Limited

Notes to the Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2019

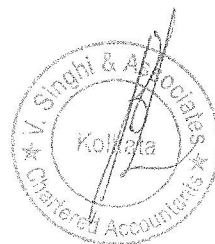
1. The above results have been reviewed and recommended by the Audit Committee at its meeting held on 13th February, 2020 and approved by the Board of Directors at its meeting held on 14th February, 2020.
2. The Group is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.
3. Majority of the lender banks of the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The amount of interest expenses not recognised on bank borrowings and Inter-Corporate Borrowings has been estimated at Rs. 24,105.40 Lakhs (including Rs. 8,118.42 Lakhs for the quarter ended 31st December, 2019) for the nine months ended 31st December 2019. In addition to the above, interest of Rs. 9,216.88 lakhs on inter-corporate borrowings was also not recognised in the statement of profit and loss of the Parent Company for the financial year ended 31st March, 2019.
4. The Group's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Group's control and the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. During the quarter ended 31st December, 2019, the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited have received binding Term Sheets for infusion of fresh funds for debt restructuring which are under consideration by the Lenders of the Company and the necessary processes have been initiated for debt restructuring. Based on the aforesaid positive developments, the Management of the Parent Company and the subsidiary Company is hopeful that with the support of investors and the lenders and approval of the restructuring proposal, the Group expects to generate sufficient cash flows through profitable operations to discharge its financial obligation. Accordingly, the Board of Directors have decided to prepare the financial results for the quarter and nine months ended 31st December, 2019 on a going concern basis.
5. The Group has recognised Deferred Tax Assets amounting to Rs 57,940.49 upto 31st March, 2019. The Management believes that based on the infusion of fresh funds through investors coming to the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited and on the lenders support for the Resolution Plan, there will be adequate future taxable profits available against which the Deferred Tax Assets can be utilised. However, the Group has not recognised any further Deferred Tax Assets for the nine months ended 31st December, 2019 taking a conservative approach.



6. The management of the Parent Company has reviewed trade receivables and claims recoverable against bank guarantees invoked by certain parties and have initiated legal and other recoverable measures. Accordingly, provision of Rs. 15,154.16 lakhs against trade receivables and Rs. 2,805.57 lakhs against claims recoverable during the quarter ended 31st December, 2019 has been made and included under Other Expenses. The Parent Company is hopeful to recover the balance amount of Rs. 18,620.92 lakhs lying in the claim receivable account and further provision, if necessary, shall be made at the end of the current financial year.
7. During the period ended 31st December, 2019, application money received by the Parent Company during earlier financial year on 40,00,000 shares warrants amounting to Rs. 620.00 lakhs has been forfeited as the balance subscription amount was not received within the prescribed date. The said amount has been transferred to the Other Equity.
8. The Group has adopted Ind AS 116 "Leases", effective annual reporting period beginning 1st April, 2019 and applied the standard to its leases retrospectively with the cumulative effect of initially applying the standard recognised on the date of initial application (1st April, 2019). The effect of this adoption did not have any significant impact to the financial result of the Group. The new standard is effective from accounting periods beginning on or after 1st April, 2019. The Group has adopted the standard using the modified retrospective approach.
9. Project business is subject to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
10. During the year ended 31st March, 2019, the Parent Company opted to publish consolidated financial results on an annual basis. Accordingly, consolidated financial results for the quarter and nine months ended 31st December, 2018 have been approved by the Board of Directors of the Company and not subjected to limited review by the Statutory Auditors of the Company.
11. Figures for the previous quarters/periods have been regrouped/rearranged wherever considered necessary.

Place: Kolkata

Date: 14th February, 2020



A circular stamp with the text "Srinivash Singh" around the top edge, "Managing Director" in the center, and "DIN-00789624" around the bottom edge. There is a handwritten signature or mark over the stamp.