

## McNally Bharat Engineering Company Limited

CIN : L45202WB1961PLC025181  
Corporate Office : Ecospace Campus 2B 11F/12  
New Town Rajarhat North 24 Parganas Kolkata 700 160  
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E mbe.corp@mbecl.co.in W www.mcnallybharat.com  
Registered Office : 4 Mangoe Lane Kolkata-700 001

November 14, 2019

**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 November 14, 2019**

This is to inform you that the Board of Directors at its meeting held on even date has inter-alia:

- i. Approved the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended September 30, 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.
- ii. Approved the recommendation of Nomination & Remuneration Committee to re-appoint Mr. Srinivash Singh, as Managing Director of the Company for a period of three years with effect from December 14, 2019.
- iii. Noted that the Company has entered into two non-binding Memorandum of Understandings (MOUs) with Investors for infusion of funds into the Company subject to due diligence, compliance with applicable laws, approval and implementation of the resolution plan with the Lenders of the Company.
- iv. Approved forfeiture of 40,00,000 warrants allotted to two parties, SLC Traders Company Private Limited and Mrs. Urmila Kapadia for not exercising their option attached to the warrants for subscription of equity shares of the Company.

Thanking You,

Yours Faithfully,

For McNally Bharat Engineering Company Limited

**Rahul Banerjee**  
Company Secretary

**Independent Auditors' Review Report on the Unaudited Standalone Financial Results for the quarter and six months ended 30<sup>th</sup> September, 2019**

**To The Board of Directors**

**MCNALLY BHARAT ENGINEERING COMPANY LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Company") for the quarter and six months ended 30<sup>th</sup> September, 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 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**

- (i) Due to non-provision of the interest expense of Rs. 14,537.98 Lakhs on bank borrowings and inter-corporate borrowings as referred in Note 3 of the statement, Finance Costs for the six months ended 30<sup>th</sup> September, 2019 is understated by Rs. 14,537.98 Lakhs, liability on account of interest is understated by Rs. 14,537.98 Lakhs and total comprehensive loss to that extent.

In addition to the above, interest expense 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 31<sup>st</sup> 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. 10,035.48 Lakhs during the six months ended 30<sup>th</sup> September, 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 Fair Value Gain

We draw attention to Note 5 to the statement regarding the conversion of advances received from certain companies aggregating to Rs. 98,592.96 lakhs, into interest free long term loans/ Inter-Corporate Deposits recognising fair valuation gain in Other Equity of Rs. 87,842.00 Lakhs (Rs. 86,926.45 Lakhs as at 30<sup>th</sup> September, 2019) and Rs. 11,110.96 lakhs (Rs. 11,666.51 Lakhs as at 30<sup>th</sup> September, 2019) as long term borrowings during the year ended 31<sup>st</sup> March, 2019 for which consents have been obtained from the counter parties during the quarter ended 30<sup>th</sup> September, 2019.

- (iii) Realisation of Claims Recoverable

We draw attention to Note 6 of the statement regarding Bank guarantees invoked by certain parties for alleged performance default events amounting to Rs. 20,888.65 Lakhs recognised as claims recoverable included under other financial assets as at 30<sup>th</sup> September, 2019. Considering the measures taken by the Company to realise the amounts, no provision has been considered necessary by the management at this stage.



(iv) Recognition of Deferred Tax Assets

We draw attention to Note 7 of the statement, the Company had recognised deferred tax assets of Rs. 51,706.60 Lakhs upto 31<sup>st</sup> 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 six months ended 30<sup>th</sup> September, 2019.

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

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



**Place:** Kolkata  
**Date:** 14<sup>th</sup> November, 2019

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

**Membership No. 050051**  
**UDIN: 19050051AAAKJ8250**



McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGO LANE, Kolkata 700 001

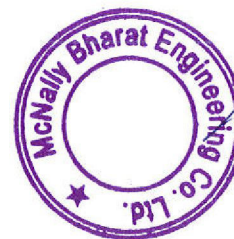
Web: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 3014-1111

Statement of Unaudited Standalone Financial Results for the quarter and six months ended 30 September, 2019

(Rs. in Lakhs, unless otherwise stated)

Particulars	Three months ended			Six months ended		Year ended
	30 September 2019	30 June 2019	30 September 2018	30 September 2019	30 September 2018	31 March 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1 Revenue from operations</b>						
(a) Net sales/ Income from operations	15,290.65	17,806.44	59,224.35	33,097.09	1,04,984.53	1,51,585.20
(b) Other operating income	90.84	83.20	28.26	174.04	62.24	251.48
<b>Total income from operations</b>	<b>15,381.48</b>	<b>17,889.64</b>	<b>59,252.61</b>	<b>33,271.12</b>	<b>1,05,046.77</b>	<b>1,51,836.68</b>
<b>2 Other income</b>	<b>1,215.16</b>	<b>3,468.07</b>	<b>15,606.22</b>	<b>4,683.23</b>	<b>18,493.42</b>	<b>24,573.53</b>
<b>3 Total income (1+2)</b>	<b>16,596.65</b>	<b>21,357.71</b>	<b>74,858.83</b>	<b>37,954.36</b>	<b>1,23,540.19</b>	<b>1,76,410.21</b>
<b>4 Expenses</b>						
(a) Cost of materials consumed	5,477.88	7,680.24	39,571.73	13,158.12	71,318.81	1,10,560.88
(b) Outsourcing expenses to job workers	8,404.69	5,890.66	10,667.13	14,295.35	20,630.47	41,200.06
(c) Employee benefits expense	2,060.08	2,064.75	2,438.11	4,124.83	4,877.84	9,657.21
(d) Finance costs	1,214.57	3,054.05	11,111.04	4,268.62	22,137.44	36,704.17
(e) Depreciation and amortization expense	235.77	240.68	277.05	476.45	564.29	1,058.57
(f) Other expenses	3,240.72	5,579.22	9,641.66	8,819.94	14,046.82	23,829.18
<b>Total expenses</b>	<b>20,633.72</b>	<b>24,509.60</b>	<b>73,706.72</b>	<b>45,143.32</b>	<b>1,33,575.67</b>	<b>2,23,010.07</b>
<b>5 Profit/(Loss) before tax (3-4)</b>	<b>(4,037.07)</b>	<b>(3,151.89)</b>	<b>1,152.11</b>	<b>(7,188.96)</b>	<b>(10,035.48)</b>	<b>(46,599.86)</b>
<b>6 Tax expenses:</b>						
Deferred tax	-	-	-	-	-	-
<b>7 Profit/(Loss) for the period/year (5-6)</b>	<b>(4,037.07)</b>	<b>(3,151.89)</b>	<b>1,152.11</b>	<b>(7,188.96)</b>	<b>(10,035.48)</b>	<b>(46,599.86)</b>
<b>8 Other comprehensive income</b>						
(a) Items that will not be reclassified to profit or loss	(26.33)	(26.33)	(25.26)	(52.66)	(50.53)	(105.32)
<b>Total other comprehensive income (net of income tax)</b>	<b>(26.33)</b>	<b>(26.33)</b>	<b>(25.26)</b>	<b>(52.66)</b>	<b>(50.53)</b>	<b>(105.32)</b>
<b>9 Total comprehensive income for the period/year (7+8)</b>	<b>(4,063.40)</b>	<b>(3,178.22)</b>	<b>1,126.85</b>	<b>(7,241.62)</b>	<b>(10,086.01)</b>	<b>(46,705.19)</b>
<b>10 Paid up equity share capital ( Face value of the share Rs.10 each)</b>	<b>21,157.00</b>	<b>17,215.18</b>	<b>17,215.18</b>	<b>21,157.00</b>	<b>17,215.18</b>	<b>17,215.18</b>
<b>11 Reserves excluding revaluation reserve</b>	-	-	-	-	-	<b>31,948.52</b>
<b>12 Earnings per share (of Rs. 10/- each) (not annualised):</b>						
Basic	(1.92)	(1.50)	0.53	(3.42)	(4.74)	(21.97)
Diluted	(1.92)	(1.50)	0.53	(3.42)	(4.74)	(21.97)

Also refer accompanying notes to the financial results.



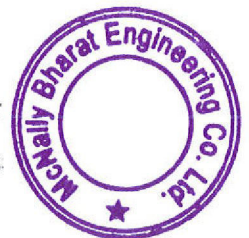
McNally Bharat Engineering Company Limited  
(All amounts are in Rs. Lakhs, unless otherwise stated)  
Unaudited Standalone Balance Sheet as at 30 September, 2019

Particulars	As at September 30, 2019	As at March 31, 2019
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	3,676.89	4,106.82
Capital work-in-progress	464.69	462.48
Other Intangible assets	48.75	49.96
Right of use assets	2,063.50	-
<b>Financial Assets</b>		
i. Investments	18,023.66	18,030.29
ii. Other financial assets	7.60	2,497.51
Deferred tax assets (net)	51,706.60	51,706.60
Other non-current assets	6.18	21.90
<b>Total Non-current Assets</b>	<b>75,997.87</b>	<b>76,875.57</b>
<b>Current Assets</b>		
Inventories	1,371.86	7,314.90
<b>Financial Assets</b>		
i. Trade receivables	1,62,018.59	1,67,705.42
ii. Cash and cash equivalents	1,433.54	3,591.97
iii. Bank balances other than (ii)	394.99	4,355.77
iv. Loans receivables	1,489.01	1,487.40
v. Other financial assets	34,463.96	34,302.84
Current Tax Assets (net)	4,313.56	5,564.84
Other current assets	49,727.11	41,524.29
<b>Total Current Assets</b>	<b>2,55,212.62</b>	<b>2,65,847.43</b>
<b>Total Assets</b>	<b>3,31,210.49</b>	<b>3,42,723.00</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	21,157.08	17,215.18
<b>Other equity</b>		
Compulsorily Convertible Preference Shares	-	3,941.90
Money received against share warrants	37.50	100.00
Reserves and surplus	24,386.03	31,948.52
<b>Total Equity</b>	<b>45,580.61</b>	<b>53,205.60</b>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
<b>Financial Liabilities</b>		
i. Borrowings	11,666.51	11,110.96
ii. Other financial liabilities	2,168.05	438.71
Other non-current liabilities		
Provisions	634.33	575.34
<b>Total Non-current Liabilities</b>	<b>14,468.89</b>	<b>12,125.01</b>
<b>Current Liabilities</b>		
<b>Financial Liabilities</b>		
i. Borrowings	1,95,416.93	1,82,654.73
ii. Trade payables		
Total outstanding dues of micro enterprises and small enterprises	416.71	507.38
Total outstanding dues of creditors other than micro enterprises and small enterprises	36,905.14	50,764.24
iii. Other financial liabilities	10,276.17	10,315.46
Other current liabilities	27,923.12	32,927.65
Provisions	222.92	222.94
<b>Total Current Liabilities</b>	<b>2,71,160.99</b>	<b>2,77,392.39</b>
<b>Total Liabilities</b>	<b>2,85,629.88</b>	<b>2,89,517.40</b>
<b>Total Equity and Liabilities</b>	<b>3,31,210.49</b>	<b>3,42,723.00</b>

Place: Kolkata  
Date :14-11-2019



*Aditya Khaitar*  
**Aditya Khaitar**  
**CHAIRMAN**  
**DIN: 0002378**



McNally Bharat Engineering Company Limited  
 (All amounts are in Rs. Lakhs, unless otherwise stated)  
 Standalone Statement of cash flows for the half year ended September 30, 2019

Particulars	Half year ended September 30, 2019	Half year ended September 30, 2018
<b>Cash flow from operating activities</b>		
Profit/(Loss) before tax	(7,188.96)	(10,035.48)
Adjustments for:		
Depreciation	476.45	564.29
Finance Cost	4,268.62	22,137.44
Interest Income	(1,940.77)	(1,517.57)
Dividend Income	-	(0.22)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(11.76)	(0.19)
Loss/(Profit) on Sale of Investments	-	(10,167.05)
Expected credit loss provided for/(written back)	1,722.40	(4,171.87)
Provision for Future Foreseeable Losses in Construction Contracts	75.21	(233.62)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(5.82)	467.10
(Gain)/loss on fair valuation of derivative contracts	-	71.93
Net (gain)/loss on financial assets measured at fair value through profit or loss	6.63	12.79
<b>Change in operating assets and liabilities:</b>		
(Increase)/Decrease in trade receivables and other receivables	11,387.22	(5,009.43)
(Increase)/Decrease in inventories	5,943.03	1,967.27
Increase/(Decrease) in trade payables and other payables	(14,138.27)	18,686.49
(Increase)/Decrease in other financial assets	(8,092.01)	87,635.88
(Increase)/decrease in other non-current assets	15.72	2.37
(Increase)/decrease in other current assets	(8,202.84)	(3,865.09)
Increase/(decrease) in provisions	6.27	(84.85)
Increase/ (decrease) in other financial liabilities	(294.66)	(1,046.79)
Increase/ (decrease) in other liabilities	(5,004.54)	44,346.05
<b>Cash generated from operations</b>	<b>(20,978.08)</b>	<b>1,39,759</b>
Income taxes (paid)/refund	1,251.28	4,574.51
<b>Net cash Inflow/(Outflow) from operating activities</b>	<b>(19,726.80)</b>	<b>1,44,333.96</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	37,756.49
Loans given during the year	(9.18)	(2,170.19)
Deposits matured/(made) during the year	3,960.78	(2,354.69)
Purchase of property, plant and equipment	(19.44)	(8.80)
Proceeds from sale of property, plant and equipment	50.00	7.05
Dividends received	-	(182.39)
Interest received	590.69	2,740.32
<b>Net cash Inflow / (Outflow) from investing activities</b>	<b>4,572.85</b>	<b>35,787.79</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	-	100.04
Proceeds from borrowings	15,050.71	8,943.41
Repayment of borrowings	(1,882.80)	(1,68,842.00)
Interest paid	(125.47)	(21,171.30)
<b>Net cash inflow/(Outflow) from financing activities</b>	<b>13,042.44</b>	<b>(1,80,969.85)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,111.51)</b>	<b>(848.14)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,545.04</b>	<b>9,106.88</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,433.53</b>	<b>8,258.74</b>



*McNally*





McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGOE LANE, Kolkata 700 001

Web:www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 3014-1111

Statement of Unaudited Standalone Financial Results for the quarter and six months ended 30 September, 2019

Notes

- 1 The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 14th November, 2019.
- 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 lenders have stopped charging interest on debts, since the dues from the Company have been categorized as Non Performing Asset. The amount of interest not provided on bank borrowings and inter-corporate borrowings has been estimated at Rs. 14,537.98 Lakhs. 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 have 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. The Lenders are actively considering the resolution plan under the Reserve Bank of India's guidelines (vide the RBI circular dated 7th June, 2019) outside the National Company Law Tribunal (NCLT) and most of the processes as specified in this respect have been completed. Inter Creditor Agreement have been signed by majority of the Lenders constituting 90% of total outstanding banking credit facilities of the company by value. BOI Merchant Bankers Limited have been appointed by the lenders to assist them in this regard.  
During the quarter ended 30th September, 2019, the company has signed a non-binding Memorandum of Understanding (MOU) with a consortium of investors for infusion of funds into the company. Further, as on the date of reporting, two new investors have signed non-binding MOU with the company for infusion of funds. The aforesaid MOUs are subject to due diligence and other terms and conditions including approval of the Resolution Plan. Based on the aforesaid positive developments, the Management of the company is hopeful that with the support of new investors and the Lenders and approval on the Resolution Plan, the company expects to generate sufficient cash flows through profitable operations to discharge its short term and long term liabilities. Hence, the Board of Directors have decided to prepare the financial results on a going concern basis.
- 5 During the year ended 31st March, 2019, the Company had deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 lakhs, into interest free long term loans/Inter- Corporate Deposits and recognised Fair valuation gain of Rs. 87,842.00 lakhs (Rs. 86,926.45 Lakhs as at 30th September, 2019) arising out of aforesaid transaction as part of Other Equity and Rs. 11,110.96 Lakhs (Rs. 11,666.51 Lakhs as at 30th September, 2019) had been considered as Long Term Borrowings for which consents have been obtained from the counter parties during the quarter ended 30th September, 2019.
- 6 The management of the company is hopeful to realise claims receivable included under other financial assets amounting to Rs 208,88.65 lakhs (net of provisions made in terms of Ind AS of Rs.47,04.28 lakhs) which represent bank guarantees invoked by certain customers for alleged performance default events. Adequate steps for reconciliation and recovery is being taken by the management and hence no provision is considered necessary at this stage.
- 7 The Company has recognised Deferred Tax Assets amounting to Rs. 51,706.60 lakhs upto 31st March, 2019. The Company believes that based on the fresh infusion of 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. The company has not recognised any Deferred Tax Asset for the six months ended 30th September, 2019
- 8 In respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director amounting to Rs 109.98 lakhs during the six months ended 30th September, 2019, (Rs 220.09 lakhs for the year ended 31st March ,2019), the Company has obtained necessary approval in terms of section 197(17) of the Companies Act, 2013.
- 9 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. The adoption of the standard did not have any significant impact to the financial results of the Company.
- 10 Project business is subject to quarter to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
- 11 The Standalone Cash Flow Statement for the previous six months ended 30th September, 2018 has been approved by the Board of Directors of the Company and were not subject to review by the Statutory Auditors of the Company.
- 12 Figures for the previous quarters / periods have been regrouped / rearranged wherever considered necessary.

Place: Kolkata  
Date :14-11-2019



  
Aditva Khaitan  
CHAIRMAN  
DIN: 00023788

**Independent Auditors' Review Report on the Unaudited Consolidated Financial Results for the quarter and six months ended 30<sup>th</sup> September, 2019**

**To The Board of Directors**

**MCNALLY BHARAT ENGINEERING COMPANY LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited 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 six months ended 30<sup>th</sup> September, 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. 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.

**3. Basis for Adverse Conclusion**

- (i) Due to non-provision of interest expense of Rs. 15,718.76 Lakhs 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 for the six months ended is understated by Rs. 15,718.76 Lakhs and total comprehensive loss to that extent.

In addition to the above, interest expense 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 31<sup>st</sup> 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 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 of the statement, the Group has incurred net loss of Rs. 7,555.35 Lakhs during the six months ended 30th September, 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 Fair Value Gain

We draw attention to Note 5 to the statement regarding the conversion of advances by the Parent Company received from certain companies aggregating to Rs. 98,592.96 lakhs, into interest free long term loans/ Inter-Corporate Deposits recognising fair valuation gain in Other Equity of Rs. 87,842.00 Lakhs (Rs. 86,926.45 Lakhs as at 30th September, 2019) and Rs. 11,110.96 lakhs (Rs. 11,666.51 Lakhs as at 30th September, 2019) as long term borrowings during the year ended 31st March, 2019 for which consents have been obtained by the Parent Company from the counter parties during the quarter ended 30th September, 2019.





iii) Realisation of Claims Recoverable

We draw attention to Note 6 of the statement regarding Bank guarantees invoked by certain parties of the Parent Company for alleged performance default events amounting to Rs. 20,888.65 Lakhs recognised as claims recoverable included under other financial assets as at 30<sup>th</sup> September, 2019. Considering the measures taken by the Parent Company to realise the amounts, no provision has been considered necessary by the management at this stage.

iv) Recognition of Deferred Tax Assets

We draw attention to Note 7 of the statement, the Company had recognised deferred tax assets of Rs. 57,940.49 Lakhs upto 31<sup>st</sup> 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 six months ended 30<sup>th</sup> September, 2019.

Our conclusion is not modified in respect of 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 assets of Rs. 45,055.52 lakhs, total revenue of Rs. 10,462.01 Lakhs and total comprehensive loss of Rs. 425 Lakhs as considered in the statement for the six months ended 30<sup>th</sup> September, 2019. We did not review the financial information of three subsidiaries whose financial information have not been reviewed by their auditors, whose financial information reflect total assets of Rs. 158.19 Lakhs, total revenue of Rs. Nil and total comprehensive loss of Rs. 1.92 Lakhs as considered in the statement for the six months ended 30<sup>th</sup> September, 2019. These Financial results/information are certified by the management. According to the information and explanations given to us by the Company's Management, these financial information / financial results are not material to the Group.

Our conclusion is not modified in respect of above matters.

For **V. SINGHI & ASSOCIATES**  
**Chartered Accountants**  
**Firm Registration No.: 31/1017E**



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

**Membership No. 050051**  
**UDIN: 19050051AAAANK9684**

**Place:** Kolkata

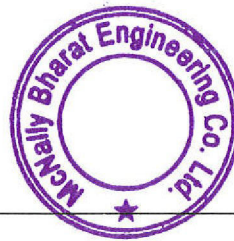
**Date:** 14<sup>th</sup> November, 2019

**McNALLY BHARAT ENGINEERING COMPANY LIMITED**  
 CIN: L45202WB1961PLC025181  
 Regd. Office: 4 MANGOE LANE, Kolkata 700 001  
 Web: www.mcnallybharat.com, Email id: mbecal@mbecol.co.in, Phone no: (033) 6628-1111  
 Statement of Unaudited Consolidated Financial Results for the quarter and six months ended 30th September, 2019

Particulars	(Rs. in Lakhs, unless otherwise stated)					
	Quarter Ended			Half Year Ended		Year Ended
	30-09-2019 (Unaudited)	30-06-2019 (Unaudited)	30-09-2018 (Unaudited)	30-09-2019 (Unaudited)	30-09-2018 (Unaudited)	31-03-2019 (Audited)
<b>1 Revenue from operations</b>	20,672.89	22,200.39	64,788.23	42,873.28	1,15,941.20	1,74,141.34
<b>2 Other income</b>	1,283.16	3,816.10	6,221.31	5,099.25	9,201.51	15,808.58
<b>3 Total income (1+2)</b>	<b>21,956.05</b>	<b>26,016.49</b>	<b>71,009.54</b>	<b>47,972.54</b>	<b>1,25,142.71</b>	<b>1,89,949.92</b>
<b>4 Expenses</b>						
(a) Cost of materials consumed	8,061.14	10,043.98	41,188.68	18,105.12	74,141.24	1,18,242.04
(b) Purchases of stock-in-trade	-	-	519.84	-	1,411.00	2,406.36
(c) Changes in inventories of work-in-progress and finished goods	585.76	(121.76)	325.45	464.00	524.15	1,182.85
(d) Outsourcing expenses to job workers	8,273.74	5,788.43	10,667.13	14,062.17	20,630.47	41,200.06
(e) Employee benefits expense	3,035.08	2,869.76	3,338.09	5,904.83	6,661.89	13,150.36
(f) Finance costs	1,344.25	3,428.50	12,240.59	4,772.75	24,249.32	40,607.16
(g) Depreciation and amortization expense	482.10	477.56	586.63	959.66	1,273.02	2,321.69
(h) Other expenses	4,496.44	6,788.13	28,641.53	11,284.57	34,462.04	48,416.14
<b>Total expenses</b>	<b>26,278.51</b>	<b>29,274.60</b>	<b>97,507.94</b>	<b>55,553.11</b>	<b>1,63,353.13</b>	<b>2,67,526.66</b>
<b>5 Profit/(Loss) before tax and Exceptional items (3-4)</b>	<b>(4,322.45)</b>	<b>(3,258.11)</b>	<b>(26,498.40)</b>	<b>(7,580.57)</b>	<b>(38,210.42)</b>	<b>(77,576.74)</b>
<b>6 Exceptional Items</b>	-	-	-	-	-	2,591.00
<b>Profit/(Loss) before tax (5-6)</b>	<b>(4,322.45)</b>	<b>(3,258.11)</b>	<b>(26,498.40)</b>	<b>(7,580.57)</b>	<b>(38,210.42)</b>	<b>(80,167.74)</b>
<b>7 Tax expenses:</b>						
Current Tax	(25.22)	-	-	(25.22)	-	-
Deferred tax	-	-	13.88	-	102.00	(1,102.10)
<b>8 Profit/(Loss) for the period/year (6-7)</b>	<b>(4,297.23)</b>	<b>(3,258.11)</b>	<b>(26,512.28)</b>	<b>(7,555.35)</b>	<b>(38,312.42)</b>	<b>(79,065.64)</b>
<b>9 Other comprehensive income</b>						
(a) Items that will not be reclassified to profit or loss	(58.16)	(55.95)	(16.04)	(114.11)	(32.53)	(225.13)
(b) Income tax relating to these items	-	-	0.68	-	1.00	31.15
<b>Total other comprehensive income (net of income tax)</b>	<b>(58.16)</b>	<b>(55.95)</b>	<b>(15.36)</b>	<b>(114.11)</b>	<b>(31.53)</b>	<b>(193.98)</b>
<b>10 Total comprehensive income for the period/year (7+8)</b>	<b>(4,355.39)</b>	<b>(3,314.06)</b>	<b>(26,527.64)</b>	<b>(7,669.46)</b>	<b>(38,343.95)</b>	<b>(79,259.62)</b>
<b>11 Profit/(Loss) attributable to:</b>						
Owners of MBECL	(4,249.41)	(3,238.73)	(26,562.48)	(7,488.14)	(38,230.59)	(78,337.61)
Non-Controlling interest	(47.83)	(19.38)	50.19	(67.21)	(81.84)	(728.01)
<b>12 Other Comprehensive income is attributable to:</b>						
Owners of MBECL	(52.28)	(50.49)	(16.90)	(102.77)	(35.03)	(176.70)
Non-Controlling interest	(5.87)	(5.46)	1.54	(11.33)	3.50	(17.27)
<b>13 Total Comprehensive income is attributable to:</b>						
Owners of MBECL	(4,301.69)	(3,289.22)	(26,579.38)	(7,590.92)	(38,265.62)	(78,514.32)
Non-Controlling interest	(53.70)	(24.84)	51.74	(78.54)	(78.33)	(745.29)
<b>10 Paid up equity share capital ( Face value of the share Rs.10 each)</b>	<b>21,157.08</b>	<b>21,157.08</b>	<b>17,215.18</b>	<b>21,157.08</b>	<b>17,215.18</b>	<b>17,215.18</b>
<b>11 Reserves excluding revaluation reserve</b>						(4,227.50)
<b>12 Earnings per share (of Rs. 10/- each) (not annualised):</b>						
Basic	(2.07)	(1.55)	(12.48)	(3.62)	(18.04)	(4.56)
Diluted	(2.07)	(1.55)	(12.48)	(3.62)	(18.04)	(4.56)

Also refer accompanying notes to the financial results.

Place: Kolkata  
Date: 14-11-2019



*Aditya Khaitan*

Aditya Khaitan  
Chairman  
DIN: 00023788



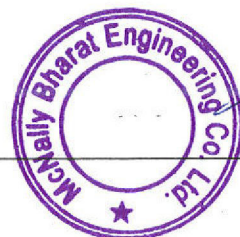
**McNALLY BHARAT ENGINEERING COMPANY LIMITED**  
**CIN: L45202WB1961PLCO25181**  
Registered Office: 4 MANGOE LANE, Kolkata 700 001  
Web: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 3014-1111  
Statement of Consolidated Unaudited Financial Results for the quarter and six months ended  
September 30, 2019

Unaudited Consolidated Balance Sheet as at 30th September, 2019

(Rs. In lakhs)

Particulars	As at September 30, 2019 (Unaudited)	As at March 31, 2019 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,841.89	17,736.21
Capital work-in-progress	505.78	503.51
Right of use Assets	2,063.50	-
Investment Properties	364.42	364.42
Goodwill	1,162.64	1,162.64
Intangible assets	48.75	51.06
Financial assets		
i. Investments	89.99	96.62
ii. Trade receivables	929.90	1,583.23
ii. Other financial assets	369.31	2,973.81
Deferred tax assets (net)	57,940.49	57,940.49
Other non-current assets	185.34	27.78
<b>Total non-current assets</b>	<b>80,502.00</b>	<b>82,439.77</b>
<b>Current assets</b>		
Inventories	12,006.51	18,096.60
Financial assets		
i. Trade receivables	1,67,647.98	1,74,056.57
ii. Cash and cash equivalents	1,916.82	4,167.94
iii. Bank balances other than cash and cash equivalents above	607.03	4,627.28
iv. Loans	1,604.69	1,362.85
v. Other financial assets	35,083.79	34,974.05
Current tax assets (net)	4,725.24	5,963.30
Other current assets	47,026.28	40,905.21
<b>Total current assets</b>	<b>2,70,618.34</b>	<b>2,84,153.80</b>
<b>Total assets</b>	<b>3,51,120.34</b>	<b>3,66,593.57</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	21,157.08	17,215.18
<b>Other equity</b>		
Compulsorily convertible preference shares	-	3,941.90
Money received against share warrants	37.50	100.00
Reserves and surplus	11,728.85	(4,227.50)
<b>Equity attributable to owners of McNally Bharat Engineering Company Limited</b>	<b>32,923.43</b>	<b>17,029.58</b>
Non-controlling interests	1,946.48	2,025.02
<b>Total equity</b>	<b>34,869.90</b>	<b>19,054.60</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial Liabilities		
i. Borrowings	15,485.28	15,682.51
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises		
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,168.05	3.40
iii. Other financial liabilities	-	438.71
Provisions	1,033.29	321.43
Other non-current liabilities	158.95	886.95
<b>Total non-current liabilities</b>	<b>18,845.57</b>	<b>17,333.00</b>
<b>Current liabilities</b>		
Financial Liabilities		
i. Borrowings	2,12,636.59	2,10,637.86
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	433.79	528.52
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	40,192.35	56,178.10
iii. Other financial liabilities	15,888.35	13,272.59
Other current liabilities	27,573.87	48,949.20
Provisions	679.92	639.70
<b>Total current liabilities</b>	<b>2,97,404.86</b>	<b>3,30,205.97</b>
<b>Total liabilities</b>	<b>3,16,250.44</b>	<b>3,47,538.97</b>
<b>Total equity and liabilities</b>	<b>3,51,120.34</b>	<b>3,66,593.57</b>

Place: Kolkata  
Date: 14-11-2019



*Aditya Khaitan*  
Aditya Khaitan  
Chairman  
DIN:00023788

Consolidated Statement of cash flows for the half year ended September 30, 2019

Particulars	Period ended 30 September, 2019	Period ended 30 September, 2018
Cash flow from operating activities		
Profit before income tax	(7,555.35)	(41,538.40)
Adjustments for:		
Depreciation	960.45	1,273.02
Finance Cost	4,773.62	24,249.32
Interest Income	(1,956.77)	(1,563.59)
Dividend Income	-	(0.22)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(11.76)	(3.19)
Loss/(Profit) on Sale of Investments	-	(0.53)
Bad Debts Written Off	-	270.78
Provision for Bad & Doubtful Debts	76.00	1,636.73
Advances written off	3.00	-
Expected credit loss provided for/(written back)	1,722.40	(4,171.87)
Loss on Change of Ownership	-	17,632.03
Provision for impairment in value of investments	-	1,559.73
Liability no longer required written back	(129.00)	(4.00)
Provision no longer required written back	-	(199.00)
Provision for non moving item	-	1.00
Provision for Future Foreseeable Losses in Construction Contracts	75.21	(233.62)
Provision for warranty	12.00	7.00
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(4.82)	469.40
Interest Income on unwinding of revenue	(22.00)	(39.00)
Deferred Retention income	13.00	18.00
(Gain)/loss on fair valuation of derivative contracts	-	71.93
Net (gain)/loss on financial assets measured at fair value through profit or loss	6.63	12.79
<b>Change in operating assets and liabilities:</b>		
(Increase)/Decrease in trade receivables and other receivables	11,383.90	(5,287.67)
(Increase)/Decrease in inventories	6,090.03	2,092.42
Increase/(Decrease) in trade payables and other payables	(14,901.27)	19,646.88
(Increase)/Decrease in other financial assets	(8,092.01)	87,703.50
(Increase)/decrease in other non-current assets	15.72	2.37
(Increase)/decrease in other current assets	(8,202.84)	(3,868.25)
Increase/(decrease) in provisions	6.27	(84.85)
Increase/ (decrease) in other financial liabilities	(294.66)	(1,048.47)
Increase/ (decrease) in other liabilities	(5,004.54)	44,338.18
<b>Cash generated from operations</b>	-	-
Income taxes (paid)/refund	1,263.28	4,558.51
<b>Net cash Outflow from operating activities</b>	<b>(19,773.51)</b>	<b>1,47,500.93</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	37,756.49
Loans given during the year	(9.18)	(3,048.69)
Deposits matured/(made) during the year	4,019.78	(2,423.69)
Purchase of property, plant and equipment	(37.44)	(20.80)
Proceeds from sale of property, plant and equipment	50.00	10.05
Dividends received	-	(182.39)
Interest received	606.69	2,751.32
<b>Net cash inflow / (outflow) from investing activities</b>	<b>4,629.85</b>	<b>34,842.29</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	-	100.04
Proceeds from borrowings	15,050.71	21,004.53
Repayment of borrowings	(1,964.80)	(1,81,600.11)
Dividend paid	-	-
Transactions with non controlling interest	-	-
Interest paid	(619.47)	(23,057.95)
Net increase in cash credit facilities including WCDL	489.00	177.00
<b>Net cash inflow/(outflow) from financing activities</b>	<b>12,955.44</b>	<b>(1,83,376.50)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(2,188.22)</b>	<b>(1,033.28)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,105.04</b>	<b>9,876.43</b>
Effects of exchange rate changes on cash and cash equivalents	-	0.24
<b>Cash and cash equivalents at end of the period</b>	<b>1,916.82</b>	<b>8,843.39</b>

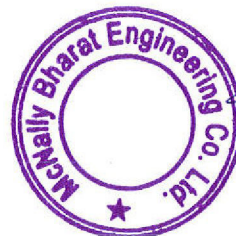




Notes

- 1 The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on 14th November, 2019.
- 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(the subsidiary) have stopped charging interest on debts, since the dues from the Parent Company and the subsidiary have been categorized as Non Performing Asset. The amount of interest not provided on bank borrowings and inter-corporate borrowings of the Parent Company and the subsidiary has been estimated at Rs. 15,718.76 Lakhs. 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 have 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. The Lenders are actively considering the resolution plan under the Reserve Bank of India's guidelines (vide the RBI circular dated 7th June, 2019) outside the National Company Law Tribunal (NCLT) and most of the processes as specified in this respect have been completed. Inter Creditor Agreement have been signed by majority of the Lenders in respect of the parent company constituting 90% of total outstanding banking credit facilities of the parent company by value. BOI Merchant Bankers Limited have been appointed by the lenders to assist them in this regard. During the quarter ended 30th September, 2019, the Parent Company has signed a non-binding Memorandum of Understanding (MOU) with a consortium of investors for infusion of funds into the company. Further, as on the date of reporting, two new investors have signed non-binding MOU with the Parent company and one of its subsidiary company, McNally Sayaji Engineering Company Limited for infusion of funds. The aforesaid MOUs are subject to due diligence and other terms and conditions including approval of the Resolution Plan. Based on the aforesaid positive developments, the Management is hopeful that with the support of new investors and the Lenders and approval on the Resolution Plan, the Group expects to generate sufficient cash flows through profitable operations to discharge its short term and long term liabilities. Hence, the Board of Directors have decided to prepare the consolidated financial results on a going concern basis.
- 5 During the year ended 31st March, 2019, the Parent Company had deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 lakhs, into interest free long term loans/Inter- Corporate Deposits and recognised Fair valuation gain of Rs. 87,842.00 lakhs (Rs. 86,926.45 Lakhs as at 30th September, 2019) arising out of aforesaid transaction as part of Other Equity and Rs. 11,110.96 Lakhs (Rs. 11,666.51 Lakhs as at 30th September, 2019) had been considered as Long Term Borrowings for which consents have been obtained by the Parent Company from the counter parties during the quarter ended 30th September, 2019.
- 6 The management of the Parent Company is hopeful to realise claims receivable included under other financial assets amounting to Rs 208,88.65 lakhs (net of provisions made in terms of Ind AS of Rs.47,04.28 lakhs) which represent bank guarantees invoked by certain customers for alleged performance default events. Adequate steps for reconciliation and recovery is being taken by the management of the Parent Company and hence no provision is considered necessary at this stage.
- 7 The Group has recognised Deferred Tax Assets amounting to Rs. 57,940.49 lakhs upto 31st March, 2019. The Company believes that based on the fresh infusion of 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. The company has not recognised any Deferred Tax Asset for the six months ended 30th September, 2019
- 8 In respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Parent Company amounting to Rs 109.98 lakhs during the six months ended 30th September, 2019, (Rs 220.09 lakhs for the year ended 31st March ,2019), the Parent Company has obtained necessary approval in terms of section 197(17) of the Companies Act, 2013.
- 9 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. The adoption of the standard did not have any significant impact to the financial results of the Group.
- 10 Project business is subject to quarter to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
- 11 During the year ended 31st March, 2019, the Group opted to publish consolidated financial results on an annual basis. Accordingly, consolidated financial results for the quarter and half year ended 30th September, 2018 have been approved by the Board of Directors of the Company and subjected to limited review by the Statutory Auditors of the Company.
- 12 Figures for the previous quarters / periods have been regrouped / rearranged wherever considered necessary.

Place: Kolkata  
Date :14-11-2019



*A. Khaitan*  
Aditva Khaitan  
CHAIRMAN  
DIN: 00023788