

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 18, 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 adjourned Board Meeting

We refer to our letter dated February 13, 2019, vide which we had informed to you that the Board Meeting held on February 13, 2019 got adjourned to be held on February 18, 2019, where the Financial Results would be adopted.

We would like to inform you that the Board of Directors at their adjourned meeting held on date, i.e. February 18, 2019, has approved and taken on record the Unaudited Financial Results of the Company for the Quarter and Nine Months' period ended December 31, 2018 along with the Auditors' Report thereon in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (copy attached).

Thanking You,

Yours Faithfully,
For McNally Bharat Engineering Company Limited

Indranil Mitra
Company Secretary

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
13th and 14th Floor,
Building – Omega
Bengal Intelligent Park
Block – EP & GP
Sector V, Salt Lake City,
Kolkata - 700091
West Bengal, India.

V. SINGHI & ASSOCIATES
Chartered Accountants
Four Mangoe Lane,
Surendra Mohan Ghosh Sarani,
Kolkata – 700001
West Bengal, India.

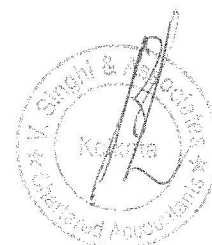
LIMITED REVIEW REPORT ON QUARTERLY AND NINE MONTHS ENDED 31ST DECEMBER, 2018 STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE PERIOD OF McNALLY BHARAT ENGINEERING COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF McNALLY BHARAT ENGINEERING COMPANY LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **McNally Bharat Engineering Company Limited** ("the Company"), for the quarter and nine months ended December 31, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review 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.(i) The Company has incurred net loss of Rs. 19,329.95 lakhs and Rs. 29,365.43 lakhs during the three and nine months ended December 31, 2018, respectively, the total liabilities exceed total assets by Rs. 16,854.57 lakhs, and current liabilities exceed current assets by Rs. 94,496.78 lakhs as on December 31, 2018. During the quarter ended December 31, 2018 and subsequent upto the date of this report i.e. February 18, 2018, the Company was unable to discharge its obligations for repayment of loans and settlement of other financial and non-financial liabilities including statutory liabilities totalling to Rs. 21,758.50 lakhs. The Company's management is in the process of preparing a debt structuring proposal for submission of a resolution plan with the Lenders. As at the date of this report, there is no evidence that the debt resolution plan is likely to be accepted and implemented by the Lenders, which will enable the Company to continue as a going concern for twelve months period ending December 31, 2019. During the month of October 2018, the Company also had a credit rating downgrade.



These events and conditions indicate a material uncertainty which 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. Accordingly, in the absence of any evidence of the likelihood of acceptance and implementation the resolution plan by the Lenders together with the other events and conditions (Note 3 of the Statement and details of which have been more fully described as above) does not adequately support the use of going concern assumption in preparation of these Standalone Unaudited Financial Results.

- (ii) We draw attention to the Note 5 of the Statement regarding waiver of recovery of excess managerial remuneration amounting to Rs. 164.97 lakhs (Rs. 109.98 lakhs for the half year ended September 30, 2018) for the nine months ended December 31, 2018 and Rs. 220.03 lakhs for the financial year ended March 31, 2018 paid/payable to the Managing Director for which the Company is in the process of obtaining approval from the banks to whom default in repayment of dues was made and from the shareholders of the Company in terms of section 197(17) of the Act.

Pending approval from banks and from the shareholders of the Company, we are unable to comment on the consequential effect of the matters mentioned in 3(ii) on this Statement.

4. Based on our review conducted as stated above, and for reasons stated in Paragraph 3, the Statement has not been prepared in accordance with the applicable Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India 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 modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed and the Statement may contain material misstatements.
5. The comparative financial information of the Company for the quarter and nine months ended December 31, 2017 prepared in accordance with Ind AS included in this Statement have been reviewed by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, then sole auditor of the Company. The report dated February 13, 2018 on these comparative financial information expressed a modified conclusion as follows:

Regarding remuneration aggregating Rs. 208.05 lacs paid/ payable to a whole-time director and the managing director of the Company for the period April 1, 2017 to December 31, 2017 for which the Company has not obtained requisite approvals as mandated under section 197(3) read with Schedule V to the Act. The impact of the said non-compliance is currently unascertainable.

Deloitte Haskins & Sells LLP

Firm Registration Number: 117366W/ W-100018

Chartered Accountants

(A. Bhattacharya)

Partner

Membership No.054110



V. Singhi & Associates

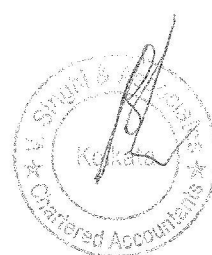
Firm Registration Number: 311017E

Chartered Accountants

(V. K. Singhi)

Partner

Membership No.050051



McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGO LANE, Kolkata 700 001

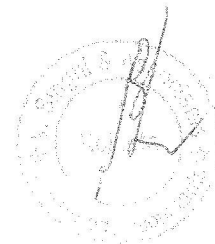
Web: www.mcnallybharat.com, Email id: mbecl@mbecl.co.in, Phone no: (033) 6628-1111

Statement of Unaudited Standalone Financial Results for the quarter and nine months ended 31 December, 2018

(Rs. in Lakhs, unless otherwise stated)

	Three months ended			Nine months ended		Year ended
	31 December 2018	30 September 2018	31 December 2017	31 December 2018	31 December 2017	31 March 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	Audited
1 Revenue from operations						
(a) Net sales/ Income from operations	27,036.00	59,224.35	30,341.40	132,020.53	106,287.42	143,061.72
(b) Other operating income	64.41	28.26	126.57	126.65	158.12	254.20
Total income from operations	27,100.41	59,252.61	30,467.97	132,147.18	106,445.54	143,315.92
2 Other income	3,289.74	15,606.22	1,932.53	21,783.16	10,910.77	15,902.71
3 Total income (1+2)	30,390.15	74,858.83	32,400.50	153,930.34	117,356.31	159,218.63
4 Expenses						
(a) Cost of materials consumed	27,816.69	39,571.73	20,285.06	99,135.50	76,634.57	84,948.62
(b) Outsourcing expenses to job workers	9,216.49	10,667.13	8,629.19	29,846.96	28,891.37	45,007.10
(c) Excise duty	-	-	-	-	57.16	57.16
(d) Employee benefits expense	2,418.89	2,438.11	2,543.88	7,296.73	7,564.41	9,796.93
(e) Finance costs	6,987.80	11,111.04	11,548.27	29,125.24	36,164.92	50,235.54
(f) Depreciation and amortisation expense	250.80	277.05	353.65	815.09	1,133.26	1,461.92
(g) Other expenses	3,029.43	9,641.66	6,394.66	17,076.25	16,720.21	23,649.57
Total expenses	49,720.10	73,706.72	49,754.71	183,295.77	167,165.90	215,156.84
5 Profit / (Loss) before tax (3-4)	(19,329.95)	1,152.11	(17,354.21)	(29,365.43)	(49,809.59)	(55,938.21)
6 Tax expenses:						
Deferred tax	-	-	(2,969.26)	-	(11,702.34)	(13,393.30)
7 Profit / (Loss) for the period/year (5-6)	(19,329.95)	1,152.11	(14,384.95)	(29,365.43)	(38,107.25)	(42,544.91)
8 Other comprehensive income						
(a) Items that will not be reclassified to profit or loss	(25.27)	(25.26)	(11.92)	(75.80)	(35.75)	(101.07)
Total other comprehensive income (net of income tax)	(25.27)	(25.26)	(11.92)	(75.80)	(35.75)	(101.07)
9 Total comprehensive income for the period/year (7+8)	(19,355.22)	1,126.85	(14,396.87)	(29,441.23)	(38,143.00)	(42,645.98)
10 Paid up equity share capital (Face value of the share Rs.10 each)	17,215.18	17,215.18	5,739.00	17,215.18	5,739.00	15,804.46
11 Reserve excluding revaluation reserve	-	-	-	-	-	(8,005.03)
12 Earning per share (of Rs. 10/- each) (not annualised):						
Basic	(9.11)	0.53	(10.23)	(13.85)	(27.11)	(30.17)
Diluted	(9.11)	0.53	(10.23)	(13.85)	(27.16)	(30.17)

Also refer accompanying note to the financial results.



McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGOE LANE, Kolkata 700 001

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

Statement of Unaudited Standalone Financial Results for the quarter and nine months ended 31 December, 2018

- 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 18 February, 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 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 due to which the company has not been able to meet its financial commitments resulting in breach of covenants to lenders and various other stakeholders .As a result the company has incurred net loss during the quarter and nine months ended 31 December, 2018, which has adversely impacted the net worth of the company and the current liabilities have exceeded its current assets. The Lenders are actively considering the resolution process under "Project Sashakt", outside the National Company Law Tribunal, within the ambit of the relevant regulations of Reserve Bank of India (RBI). The lenders have started the process and appointed various agencies in this regard. In view thereof, and expecting favourable market conditions in future, these financial results have been prepared on a going concern basis.
- 4 Board has decided to recover the excess remuneration paid / payable amounting to Rs. 40.82 lacs to erstwhile one whole time director for the financial year ended 31 March, 2018, superseding its earlier decision and approval of Shareholders of the Company for wavier. The Company would initiate steps for necessary approval for recovery of such amount. The Company is in the process of obtaining necessary approvals for the same.
- 5 In respect of waiver of recovery of excess remuneration paid / payable amounting to Rs. 220.03 lacs and Rs. 164.97 lacs to the Managing Director for the financial year ended 31 March, 2018 and nine months ended 31 December, 2018 respectively, the Company is in the process of obtaining approval from the concerned banks and from the shareholders of the Company in terms of section 197(17) of the Act.

This matter was also qualified by Joint Statutory Auditors of the Company in their audit report for the financial year ended 31 March, 2018, review report for the Quarter ended June 30, 2018 and September 30, 2018. The matter was also qualified by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, then sole auditor of the Company in the review report for the quarter and nine months ended December 31, 2017.
- 6 During the previous quarter ended 30 September, 2018, the Company has sold 475,200 Equity Shares i.e. its entire equity shareholding of 60% of the total equity share capital and 12,47,004 Debentures of its subsidiary, Vedica Sanjeevani Projects Private Limited at a profit of Rs. 10,211.49 lacs, which is included in Other Income for the nine months ended 31 December, 2018.
- 7 The Ministry of Corporate Affairs (MCA), on 28 March, 2018, notified Ind AS 115 " Revenue from Contracts with Customers' as part of the Companies (Indian Accounting Standard) Amendment Rules, 2018. The new standard is effective from accounting periods beginning on or after 1 April, 2018. 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 for the quarter and nine months ended 31 December, 2018
- 8 Project business is subject to quarter to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
- 9 Figures for the previous quarters / periods have been regrouped / rearranged wherever considered necessary.

Kolkata
February 18, 2019


SRINIVASH SINGH
MANAGING DIRECTOR

