

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

August 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 August 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 June 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. Noted the resolution passed by circulation on July 19, 2019 regarding accepting the resignation of Deloitte Haskins & Sells LLP., Chartered Accountants, one of the Joint Statutory Auditors of the Company and continuity of the other joint statutory auditor, M/s V Singhi & Associates, Chartered Accountants Kolkata (Firm Registration No 311017E), as the sole Statutory Auditors of the Company with effect from July 18, 2019 at revised remuneration.
- III. Noted the acceptance of resignation of Mr. Indranil Mitra, Company Secretary & Compliance Officer with effect from July 10, 2019.
- IV. Noted the acceptance of resignation of Ms. Ujjaini Dasgupta, Independent Director, with effect from July 31, 2019.
- V. Appointed Mr. Rahul Banerjee, an associate member of the ICSI (Membership No. ACS 32796) as the Company Secretary & Compliance Officer with immediate effect.
- VI. Fixed that the Annual General Meeting of the Company will be held on Thursday, September 26, 2019 at 11.00 a.m. at Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, Kolkata - 700156.
- VII. Fixed that the Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2019 to September 26, 2019 (both days inclusive).
- VIII. Noted that the Company has entered into a non-binding Memorandum of Understanding (MOU) on August 09, 2019 with consortium of investors led by M/s. Turbovent Industries Pvt. Ltd, based in Hyderabad. As per the MOU, the investor, subject to due diligence, is willing to invest an aggregate amount of INR 150 crores or such other amount as may be agreed between the Parties based on assessed fund requirements as mutually discussed between the parties. The said amount shall be invested in such proportion as may be mutually decided between the Parties in accordance with applicable laws and subject to approval & implementation of an appropriate resolution plan between the Company and the Lenders 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 ended 30th June, 2019

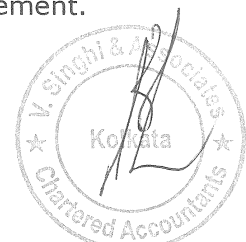
To The Board of Directors

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 ended 30th June, 2019 ("the statement") being submitted by the Company pursuant to the regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, is prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, 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.
3. 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.

4. Basis for Adverse Conclusion

- (i) The Company had recognised fair value gain amounting to Rs 87,482.00 Lakhs (Rs. 87,204.23 Lakhs as at June 30, 2019) during the year ended March 31, 2019 in Other Equity on deferment of payment of Rs. 98,592.96 Lakhs received from certain Companies on conversion into interest free long term loans amounting to Rs. 11,110.96 Lakhs (Rs. 11,388.73 Lakhs as at June 30, 2019). We are unable to obtain sufficient and appropriate audit evidence to substantiate the contractual validity of the transaction and the accounting treatment in the Statement.



Further interest expense during the previous year on the aforementioned amounts up to the date of conversion aggregating to Rs 9,216.88 Lakhs was not recognised in the statement of profit and loss for the financial year ended March 31, 2019 and interest expense for the quarter ended June 30, 2019 has neither been ascertained by the Management nor recognised in the Statement.

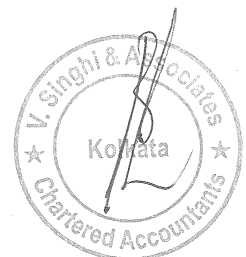
- (ii) Due to non-provision of the interest expense of Rs. 7,616.41 Lakhs on bank borrowings and inter-corporate borrowings as referred in Note 5 of the statement, the Finance Costs for the quarter ended is understated by Rs 7616.41 Lakhs and total comprehensive loss to that extent.
- (iii) The Company have claims recoverable amounting to Rs. 17,442.79 Lakhs which represent bank guarantees invoked by certain customers for alleged performance default events and no provision has been considered necessary at this stage by the management.

5. Based on our review conducted as stated above, and for reasons stated in Paragraph 4, 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 amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular") including the manner in which is to be disclosed and the Statement may contain material misstatements.

6. We draw attention to the following matters:

- (i) Material uncertainty related to Going Concern

We draw attention to note 3 of the statement, the Company has incurred net loss of Rs. 3,178.22 Lakhs during the quarter ended June 30, 2019 and was 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 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

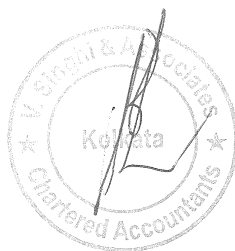
The Company had recognised deferred tax assets amounting to Rs. 51,706.60 Lakhs upto 31st March, 2019. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. However, the Company has not recognised any deferred tax assets for the quarter ended 30th June, 2019.

(iii) Managerial Remuneration

Note 8 of the statement regarding waiver of recovery of excess managerial remuneration amounting to Rs. 54.99 Lakhs during the quarter ended June 30, 2019 (Rs. 220.09 Lakhs for the financial year ended March 31, 2019) 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 Companies Act, 2013. Pending approval from the banks and from the shareholders of the Company, we are unable to comment on the consequential effect of the matter on this Statement.

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

Place: Kolkata
Date: 14th August, 2019



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


(V. K. SINGHI)
Partner

Membership No. 050051
UDIN:19050051AAAADY1592

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) 6628-1111
Statement of unaudited Standalone Financial Results for the quarter ended 30 June, 2019

(Rs. in Lakhs, unless otherwise stated)

Particulars	Three months ended			Year ended
	30 June 2019 (Unaudited)	31 March 2019 (Unaudited)	30 June 2018 (Unaudited)	31 March 2019 (Audited)
1 Revenue from operations				
(a) Net sales/ Income from operations	17,806.44	19,564.67	45,760.18	1,51,585.20
(b) Other operating income	83.20	124.83	33.98	251.48
Total income from operations	17,889.64	19,689.50	45,794.16	1,51,836.68
2 Other income	3,468.07	2,790.38	2,887.20	24,573.53
3 Total income (1+2)	21,357.71	22,479.88	48,681.37	1,76,410.21
4 Expenses				
(a) Cost of materials consumed	7,680.24	11,425.38	31,747.08	1,10,560.88
(b) Outsourcing expenses to job workers	5,890.66	11,353.10	9,963.34	41,200.06
(d) Employee benefits expense	2,064.75	2,360.48	2,439.73	9,657.21
(e) Finance costs	3,054.05	7,578.93	11,026.40	36,704.17
(f) Depreciation and amortization expense	240.68	243.48	287.24	1,058.57
(g) Other expenses	5,579.22	6,752.93	4,405.16	23,829.18
Total expenses	24,509.60	39,714.30	59,868.95	2,23,010.07
5 Profit/(Loss) before tax (3-4)	(3,151.89)	(17,234.42)	(11,187.58)	(46,599.86)
6 Tax expenses:				
Deferred tax	-	-	-	-
7 Profit/(Loss) for the period/year (5-6)	(3,151.89)	(17,234.42)	(11,187.58)	(46,599.86)
8 Other comprehensive income				
(a) Items that will not be reclassified to profit or loss	(26.33)	(29.52)	(25.27)	(105.32)
Total other comprehensive income (net of income tax)	(26.33)	(29.52)	(25.27)	(105.32)
9 Total comprehensive income for the period/year (7+8)	(3,178.22)	(17,263.94)	(11,212.85)	(46,705.19)
10 Paid up equity share capital (Face value of the share Rs.10 each)	17,215.18	17,215.18	15,804.46	17,215.18
11 Reserves excluding revaluation reserve	-	-	-	31,948.52
12 Earnings per share (of Rs. 10/- each) (not annualised):				
Basic	(1.50)	(8.12)	(5.27)	(21.97)
Diluted	(1.50)	(8.12)	(5.27)	(21.97)

Also refer accompanying notes 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@mbecl.co.in, Phone no: (033) 3014-1111
Statement of unaudited Standalone Financial Results for the quarter ended 30 June, 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 August 14, 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 /covenants to lenders and various other stakeholders. The Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside the National Company Law Tribunal. The Lenders have initiated various processes as specified under the Reserve of Bank of India's guidelines (vide the RBI circular dated 7th June, 2019) and most of these processes have been completed. On the basis of such developments, the Company is hopeful that the restructuring proposal of the company will be approved shortly. The company has also signed a non binding Memorandum of Understanding with a consortium of Investors for infusion of funds into the company which is subject to due diligence and other terms and conditions including approval of the Resolution plan. Additionally, the company is taking various measures, including cost control, which shall improve its operational efficiencies. The Management is confident that with the lenders support on the Resolution and various other measures, the company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its liabilities. Accordingly, financial results have been prepared on a going concern basis.
- 4 The company has recognised for the deferred tax assets of Rs 51,706.60 lakhs upto 31st March, 2018. The Company is undergoing debt restructuring and have submitted a resolution plan to the lender banks based on a techno-economic viability study conducted by an independent agency appointed by the lenders. Based on the aforesaid study and the future profitability projections therein, the management believes that there will be adequate future taxable profits available against which existing deferred tax assets can be utilized. However, the company has not recognised any deferred tax asset for the quarter ended 30th June, 2019 on prudent basis.
- 5 The 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 for on bank borrowings and inter-corporate borrowings has been estimated at Rs 7616.41 lakhs for the quarter ending 30th June, 2019.
- 6 During the quarter ended 30th June, 2019, the reserves have been reduced by Rs 277.77 lakhs due to difference arising out of re-measurement of fair valuation gain of Rs 87,482 lakhs recognised during the quarter and year ended 31st March, 2019, resulting from deferment of repayments and conversion of the amounts received from certain promoter group companies aggregating to Rs 98,592.96 lakhs into interest free long term loans/ deposits, which would be repayable after the payment of lenders obligations.
- 7 The management of the company is hopeful to realise claims receivable amounting to Rs 17,442.79 lakhs (net of provisions made in terms of Ind AS of Rs. 2,589.49 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.
- 8 In respect of the waiver of recovery of excess remuneration paid/payable amounting to Rs 54.99 lakhs during the quarter ended 30th June, 2018, (Rs 220.09 lakhs for the year ended 31st March, 2019), the Company is in the process of obtaining necessary approval of the shareholders in terms of section 197(17) of the Companies Act, 2013 by way of postal ballot and from the banks to whom default in repayment of dues was made.
- 9 The Company has adopted Ind AS 116 "Leases", effective annual reporting period beginning April 1, 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 (April 1, 2019). The effect of this adoption did not have any significant impact to the financial result 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 figures for the three months ended March 31, 2019 is the balancing figures between the audited figures in respect of the full financial year ended March 31, 2019 and the unaudited published year to date figures for the Three months ended December 31, 2018 which was subject to limited review by the Auditors.
- 12 Figures for the previous quarters / periods have been regrouped / rearranged wherever considered necessary.




SRINIVASH SINGH
MANAGING DIRECTOR
DIN: 00789624

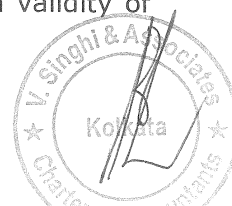
Place: Kolkata
Date :14-08-2019

Independent Auditors' Review Report on the Unaudited Consolidated Financial Results for the quarter ended 30th June, 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") and its Joint Venture, for the quarter ended June 30, 2019 ("the Statement"), being submitted by the Parent Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Parent Company's Management and approved by the Parent Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, 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.
3. 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.
4. **Basis for Adverse Conclusion**
 - (i) The Parent Company had recognised fair value gain during the year ended March 31, 2019 amounting to Rs 87,482.00 Lakhs (Rs. 87,204.23 Lakhs as at June 30, 2019) in Other Equity on deferment of payment of Rs. 98,592.96 Lakhs received from certain Companies on conversion into interest free long term loans amounting to Rs. 11,110.96 Lakhs (Rs. 11,388.73 Lakhs as at June 30, 2019). We are unable to obtain sufficient and appropriate audit evidence to substantiate the contractual validity of the transaction and the accounting treatment in the Statement.



Further interest expense during the previous year on the aforementioned amounts up to the date of conversion aggregating to Rs 9,216.88 Lakhs was not recognised in the statement of profit and loss of the Parent Company for the financial year ended March 31, 2019 and interest expense for the quarter ended June 30, 2019 has neither been ascertained by the Management nor recognised in the Statement.

- (ii) Due to non-provision of the Interest expenses of Rs. 8,171.79 Lakhs by the Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited as referred in Note 5 of the statement, the Finance Costs for the quarter is understated by Rs. 8,171.79 Lakhs and total comprehensive loss to that extent.
- (iii) The Parent Company have claims recoverable amounting to Rs. 17,442.79 Lakhs which represent bank guarantees invoked by certain customers for alleged performance default events and no provision has been considered necessary at this stage by the management.

5. Based on our review conducted as stated above, and for reasons stated in Paragraph 4, 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 amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular") including the manner in which is to be disclosed and the Statement may contain material misstatements.

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

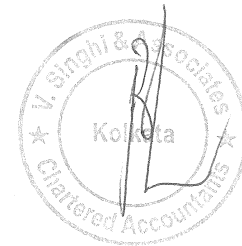
- McNally Sayaji Engineering Limited

Step-down subsidiary of the Parent Company

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

Joint venture

- EMC MBE Contracting Company LLC



7. We draw attention to the following matters:

(i) Material uncertainty related to Going Concern

We draw attention to note 3 of the statement, the Group has incurred net loss of Rs. 3,314.06 Lakhs during the quarter ended June 30, 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 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 cast 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.

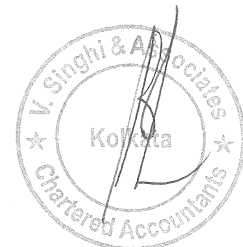
(ii) Recognition of Deferred Tax Assets

The Group had recognised deferred tax assets amounting to Rs. 57,940.49 Lakhs upto March 31, 2019. Considering the material uncertainty related to going concern that exists in the Group, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. However, the Group has not recognised any deferred tax assets for the quarter ended 30th June, 2019.

(iii) Managerial Remuneration

Note 8 of the statement regarding waiver of recovery of excess managerial remuneration amounting to Rs. 54.99 Lakhs during the quarter ended June 30, 2019 (Rs. 220.09 Lakhs for the financial year ended March 31st, 2019) paid/payable to the Managing Director of the Parent Company for which the Parent 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 Parent Company in terms of section 197(17) of the Act. Pending approval from the banks and from the shareholders of the Parent Company, we are unable to comment on the consequential effect of the matter on this Statement.

Our conclusion is not modified in respect of above matters.

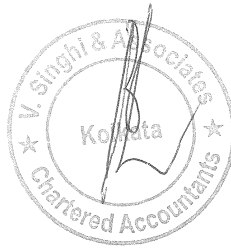


8. We reviewed the consolidated financial results of one Subsidiary whose financial results reflect total revenue of Rs. 4,865.24 Lakhs and total comprehensive loss of Rs. 134.73 Lakhs as considered in the statement for the quarter ended June 30, 2019. We did not review the financial information of three subsidiaries whose financial information have not been reviewed by their auditors, whose financial information reflect total revenue of Rs. Nil and total comprehensive income of Rs. 1.12 Lakhs as considered in the statement for the quarter ended June 30, 2019. The statement also includes the Group's share of net profit of Rs. Nil for the quarter ended June 30, 2019, in respect of one joint venture, which have not been reviewed by their auditors. These Financial Statements have been certified by the management of the respective company and provided to us by the Parent Company's Management. According to the information and explanations given to us by the Parent Company's Management, these financial information / financial results are not material to the Group.

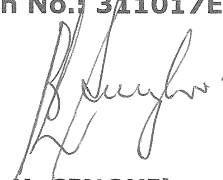
Two Subsidiaries and one Joint Venture are located outside India whose financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Parent Company's management has converted the financial information of these subsidiaries/joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments carried out by the Parent Company's Management.

Our conclusion is not qualified in respect of above matters.

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



Place: Kolkata
Date: 14th August, 2019


(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:19050051AAAAEA2621

McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

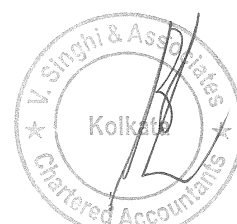
Regd. Office: 4 MANGOE LANE, Kolkata 700 001

Web:www.mcnallybharat.com, Email id: mbecal@mbecol.co.in, Phone no: (033) 6628-1111
Statement of Unaudited Consolidated Financial Results for the quarter ended 30 June, 2019

(Rs. in Lakhs, unless otherwise stated)

Particulars	Three months ended			Year ended
	30 June 2019 (Unaudited)	31 March 2019 (Unaudited)	30 June 2018 (Unaudited)	31 March 2019 (Audited)
1 Revenue from operations	22,200.39	26,702.59	51,152.97	1,74,141.34
2 Other income	3,816.10	2,764.78	2,980.20	15,808.58
3 Total income (1+2)	26,016.49	29,467.37	54,133.17	1,89,949.92
4 Expenses				-
(a) Cost of materials consumed	10,043.98	13,765.21	32,952.56	1,18,242.04
(b) Purchases of stock-in- trade	-	1,631.37	891.16	2,406.36
(c) Changes in inventories of work-in-progress and finished goods	(121.76)	382.94	198.70	1,182.85
(d) Outsourcing expenses to job workers	5,788.43	11,353.10	9,963.34	41,200.06
(e) Employee benefits expense	2,869.76	3,181.12	3,323.80	13,150.36
(f) Finance costs	3,428.50	8,486.16	12,008.73	40,607.16
(g) Depreciation and amortization expense	477.56	521.26	686.39	2,321.69
(h) Other expenses	6,788.13	12,808.84	5,820.51	48,416.14
Total expenses	29,274.60	52,130.00	65,845.19	2,67,526.66
5 Profit/(Loss) before tax and Exceptional items (3-4)	(3,258.11)	(22,662.63)	(11,712.02)	(77,576.74)
6 Exceptional Items	-	(2,591.00)	-	(2,591.00)
Profit/(Loss) before tax (5-6)	(3,258.11)	(25,253.63)	(11,712.02)	(80,167.74)
7 Tax expenses:				-
Current Tax	-	-	-	-
Deferred tax	-	(851.50)	88.12	(1,102.10)
8 Profit/(Loss) for the period/year (6-7)	(3,258.11)	(24,402.13)	(11,800.14)	(79,065.64)
9 Other comprehensive income				-
(a) Items that will not be reclassified to profit or loss	(56.27)	(187.66)	(16.49)	(225.13)
(b) Income tax relating to these items	0.32	43.20	0.32	31.15
Total other comprehensive income (net of income tax)	(55.95)	(144.46)	(16.17)	(193.98)
10 Total comprehensive income for the period/year (8+9)	(3,314.06)	(24,546.59)	(11,816.31)	(79,259.62)
11 Profit is attributable to:				
Owners of MBECL	(3,238.73)	(23,836.14)	(11,668.11)	(78,337.61)
Non-Controlling interest	(19.38)	(565.99)	(132.03)	(728.01)
	(3,258.11)	(24,402.13)	(11,800.14)	(79,065.62)
12 Other Comprehensive income is attributable to :				
Owners of MBECL	(50.49)	(123.26)	(18.13)	(176.71)
Non-Controlling interest	(5.46)	(21.20)	1.96	(17.27)
	(55.95)	(144.46)	(16.17)	(193.98)
13 Total Comprehensive income is attributable to :				
Owners of MBECL	(3,289.22)	(23,959.41)	(11,686.24)	(78,514.32)
Non-Controlling interest	(24.84)	(587.18)	(130.07)	(745.29)
	(3,314.06)	(24,546.59)	(11,816.31)	(79,259.62)
10 Paid up equity share capital (Face value of the share Rs.10 each)				17,215.18
11 Reserves excluding revaluation reserve	-	-	-	(4,227.50)
12 Earnings per share (of Rs. 10/- each) (not annualised):				
Basic	(1.55)	(11.27)	(8.34)	(4.56)
Diluted	(1.55)	(11.27)	(8.34)	(4.56)

Also refer accompanying notes to the financial results.



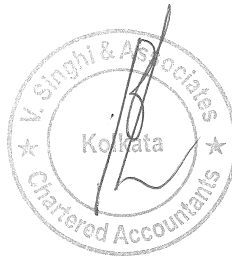
McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGOE LANE, Kolkata 700 001
Web: www.mcnallybharat.com, Email id: mbecal@mbecol.co.in, Phone no: (033) 3014-1111
Statement of Unaudited Consolidated Financial Results for the quarter ended 30 June, 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 August 14, 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 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 Group's control due to which 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. The Parent Company and its Subsidiary Company, McNally Sayaji Engineering Limited have submitted its resolution plan to its lenders who are actively considering the resolution process outside the National Company Law Tribunal. The Lenders have initiated various processes as specified under the Reserve of Bank of India's guidelines (vide the RBI circular dated 7th June, 2019) and most of these processes have been completed. On the basis of such developments, the Group is hopeful that the restructuring proposal of the Group will be approved shortly. The Parent Company has also signed a non binding Memorandum of Understanding with a consortium of Investors for infusion of funds into the Parent Company which is subject to due diligence and other terms and conditions including approval of the Resolution plan. Additionally, the Group is taking various measures, including cost control, which shall improve its operational efficiencies. The Management is confident that with the lenders support on the Resolution and various other measures, the Group will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its liabilities. Accordingly, financial results have been prepared on a going concern basis.
- 4 The Group has recognised for the deferred tax assets of Rs 57,940.49 lakhs upto 31st March, 2019. The Parent Company and one of its subsidiary company, McNally Sayaji Engineering Limited is undergoing debt restructuring and have submitted a resolution plan to the lender banks based on a techno-economic viability study conducted by an independent agency appointed by the lenders. Based on the aforesaid study and the future profitability projections therein, the management believes that there will be adequate future taxable profits available against which existing deferred tax assets can be utilized. However, the Group has not recognised any deferred tax asset for the quarter ended 30th June 2019 on prudent basis.
- 5 The majority of the lenders have stopped charging interest on debts, since the dues from the Parent Company and its Subsidiary Company, McNally Sayaji Engineering Limited have been categorized as Non Performing Asset. The amount of interest not provided for has been estimated at Rs 8,171.99 lakhs for the quarter ending 30th June, 2019.
- 6 During the quarter ended 30th June, 2019, the reserves have been reduced by Rs 277.77 lakhs due to difference arising out of re-measurement of fair valuation gain of Rs 87,482 lakhs recognised during the quarter and year ended 31st March, 2019 by the Parent Company, resulting from deferment of repayments and conversion of the amounts received from certain promoter group companies aggregating to Rs 98,592.96 lakhs into interest free long term loans/ deposits, which would be repayable after the payment of lenders obligations.
- 7 The management of the Parent Company is hopeful to realise claims receivable amounting to Rs 17,442.79 lakhs (net of provisions made in terms of Ind AS of Rs. 2,589.49 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.
- 8 In respect of the waiver of recovery of excess remuneration paid/payable amounting to Rs 54.99 lakhs during the quarter ended 30th June, 2018, (Rs 220.09 lakhs for the year ended 31st March ,2019), the Company is in the process of obtaining necessary approval of the shareholders in terms of section 197(17) of the Companies Act, 2013 by way of postal ballot and from the banks to whom default in repayment of dues was made.
- 9 The Group has adopted Ind AS 116 "Leases", effective annual reporting period beginning April 1,2019 and applied the standard to its leases retrospectively with the cumulative effect of initially applying the standard recognised on the date of initial application (April 1,2019). The effect of this adoption did not have any significant impact to the financial result 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 Figures for the previous quarters / periods have been regrouped / rearranged wherever considered necessary.

Place: Kolkata
Date :14-08-2019




SRINIVASH SINGH
MANAGING DIRECTOR
DIN: 00789624