

McNally Bharat Engineering Company Limited

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May 30, 2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

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

Dear Sirs,

We would like to inform you that the Board of Directors at their meeting held on May 30, 2016, has:

1. Approved the Audited Accounts (Standalone) for the year ended March 31, 2016 (extract attached along with the Audit Report).
2. Recommended dividend @ 11.5% on preference shares out of the free Reserves of previous years in compliance of the provisions of the Companies Act, 2013.

However, in absence of profit for the current Financial Year 2015-16, the Board of Directors could not recommend any dividend on Equity Shares for the year ended March 31, 2016.

Regarding the adoption of the Consolidated Financial Statements we would like to inform you that the Board discussed the Consolidated Financial Statement along with the Individual Accounts and Audit Report of the subsidiaries in detail.

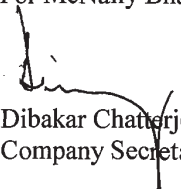
The Board thereafter sought a few additional details about the Overseas Subsidiary Accounts which the Board, thought, is required to be considered before adoption of the Consolidated Accounts.

The Company Secretary was requested to arrange for the information thus sought, at the earliest. The Company Secretary thereafter informed the Board that the overseas subsidiaries are based in different time-zones and it will take at least 24 hours to receive the relevant information.

The Board thought it to be prudent to adjourn the meeting till such time as may be required to arrange for the required information and decided to resume this meeting on 1st June, 2016.

Thanking you.

Yours faithfully,
For McNally Bharat Engg. Co. Ltd.


Dibakar Chatterjee
Company Secretary

Lovelock & Lewes

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MCNALLY BHARAT ENGINEERING COMPANY LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **McNally Bharat Engineering Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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Lovelock & Lewes

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of McNally Bharat Engineering Company Limited

Report on the Financial Statements

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7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.



Lovelock & Lewes

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

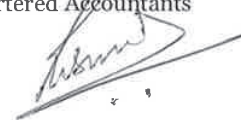
To the Members of McNally Bharat Engineering Company Limited

Report on the Financial Statements

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- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016, on its financial position in its standalone financial statements – Refer Note 31;
 - ii. The Company has made provision as at March 31, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts Refer Note 42 (iii). The Company did not have long term derivative contracts as at March 31, 2016;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Lovelock & Lewes
Firm Registration Number: 301056E
Chartered Accountants



Prabal Kr. Sarkar
Partner
Membership Number 52340

Kolkata
May 30, 2016

McNALLY BHARAT ENGINEERING COMPANY LIMITED

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CIN: L45202WB1961PLC025181

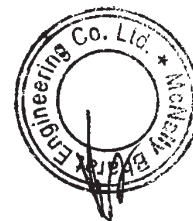
Statement of Standalone Audited Results for the Quarter and 12 months ended 31st March, 2016

PART I

Sl. No.	Particulars (Refer Notes Below)	(All figures in Rs. Lacs, unless otherwise stated)				
		3 months ended	Preceding 3 months ended	Corresponding 3 months ended	Year to date figures for current year ended	Previous year ended
		31/03/2016 Unaudited	31/12/2015 Unaudited	31/03/2015 in the previous year Unaudited	31/03/2016 Audited	31/03/2015 Audited
1	Income from operations					
	(a) Net Sales/ Income from operations (Net of Excise Duty)	68,339	53,483	73,774	2,41,335	2,16,573
	(b) Other operating Income	-	63	139	387	438
	Total Income from operations (net)	68,339	53,546	73,913	2,41,702	2,17,011
2	Expenses					
	a. Changes in Inventories of finished goods, work in progress and stock in trade	-	-	-	-	-
	b. Cost of materials consumed	23,986	19,908	35,741	88,189	90,099
	c. Purchase of traded goods	14,435	13,842	13,101	55,455	21,094
	d. Outsourcing expenses to outsiders for job work	20,071	11,746	17,413	61,866	59,938
	e. Employee benefit expenses	2,534	2,886	3,494	11,296	13,658
	f. Depreciation and amortisation expenses	516	547	657	2,249	2,912
	g. Other expenses	8,646	5,734	8,783	27,608	25,502
	Total expenses	70,188	54,663	79,169	2,44,663	2,13,203
3	Profit/(Loss) from Operations before other income, finance cost, provision for onerous contracts and exceptional Items (1-2)	(1,849)	(1,117)	(5,256)	(2,961)	3,808
4	Other Income	624	904	631	2,931	1,189
	Profit/(Loss) from ordinary activities before finance costs, provision for onerous contracts and exceptional Items (3+4)	(1,225)	(213)	(4,625)	(30)	4,997
5	Finance costs	8,092	8,347	7,349	31,747	22,519
6	Profit/(Loss) from ordinary activities after finance costs but before provision for onerous contracts and exceptional Items (5-6)	(9,317)	(8,560)	(11,974)	(31,777)	(17,522)
7	Provision for onerous contracts	-	-	-	-	-
8	Profit/(Loss) from ordinary activities after provision for onerous contracts but before exceptional Items (7-8)	(9,317)	(8,560)	(11,974)	(31,777)	(17,522)
9	Provision for Onerous Contracts written back	1,400	-	6,100	1,400	6,100
10	Profit/(Loss) from ordinary activities after provision for onerous contracts written back but before exceptional Items (9+10)	(7,917)	(8,560)	(5,874)	(30,377)	(11,422)
11	Exceptional Items	-	-	-	-	-
12	Profit/(Loss) from ordinary activities before tax (11+12)	(7,917)	(8,560)	(5,874)	(30,377)	(11,422)
13	Tax expense	-	-	-	-	-
14	Net Profit/(Loss) from ordinary activities after tax (13-14)	(7,917)	(8,560)	(5,874)	(30,377)	(11,422)
15	Extraordinary Item (net of tax expense Rs. NIL)	-	-	-	-	-
16	Net Profit/(Loss) for the period (15-16)	(7,917)	(8,560)	(5,874)	(30,377)	(11,422)
17	Paid up Equity share Capital (Face value of the share Rs. 10)	5,109	5,059	4,059	5,109	4,059
18	Reserves excluding Revaluation Reserve (as per Balance Sheet of previous accounting year)	-	-	-	4,641	25,715
19	Earning per Share (before and after extraordinary items)					
	Basic EPS (Rs.)	(15.65)	(16.99)	(18.62)	(66.50)	(36.42)
	Diluted EPS (Rs.)	(15.65)	(16.99)	(18.60)	(66.50)	(36.38)
	See accompanying note to the financial results					

Statement of Segment Revenue, results and Capital Employed

Sl. No.	Particulars	As at 31/03/2016 (Audited)	As at 31/03/2015 (Audited)
1	Segment Revenue		
	(a) Construction Contracts	185400	195170
	(b) Trading	55935	21403
	Total	241335	216573
	Less: Inter-Segment Revenue (at cost)	-	-
	Add:- Other operating revenue	2,41,335	2,16,573
	(a) Construction Contracts	387	438
	Net Sales/Income From Operations	2,41,702	2,17,011
2	Segment Results Profit/(Loss) before tax and interest		
	(a) Construction Contracts	898	11354
	(b) Trading	(108)	(76)
	Total	590	11278
	Less: (i) Interest and other borrowing cost	31747	22520
	(ii) Other un-allocable income (Net of expenditure)	780	(180)
	Profit/(Loss) Before Tax	(30,377)	(11,422)
3	Capital Employed (Segment Assets - Segment Liabilities)		
	(a) Construction Contracts	25582	180980
	(b) Trading	(24,223)	(12,698)
	(c) Unallocated	(2,20,009)	(1,36,783)
	Total	11350	31489



Notes:-

1 Standalone Statement of Assets and Liabilities

Particulars	As at 31/03/2016 (Audited)	As at 31/03/2015 (Audited)
A. EQUITY AND LIABILITIES		
(1) Shareholder's Fund		
(a) Share capital	6,084	5,034
(b) Reserve and surplus	4,841	25,715
(c) Money received against share warrants	625	750
	11,350	31,499
(2) Non Current Liabilities		
(a) Long term Borrowings	24,731	4,785
(b) Deferred Tax liabilities (net)	-	-
(c.) Other long term Liabilities	87	101
(d) Long term Provisions	6,512	7,004
	31,330	11,890
(3) Current Liabilities		
(a) Short term borrowings	1,74,553	1,37,093
(b) Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises and	595	233
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,31,448	1,05,443
(c) Other Current Liabilities	1,22,992	82,308
(d) Short Term Provision	1,143	2,483
	4,30,731	3,27,580
TOTAL	4,73,411	3,70,949
B. ASSETS		
(1) Non Current Asset		
(a) Fixed Assets		
(i) Tangible Assets	9,067	10,766
(ii) Intangible Assets	44	57
(iii) Capital work in Progress	462	819
	9,573	11,642
(b) Non Current Investment	18,075	19,833
(c) Long Term Loans and Advances	11,204	4,776
(d) Other Non Current Assets	49	10
(2) Current Assets		
(a) Current Investments		-
(a) Inventories	14,850	12,773
(b) Trade Receivables	1,55,469	1,41,643
(c.) Cash and Bank Balances	6,159	4,689
(d) Short Term Loans and Advances	72,421	49,823
(e) Other Current Assets	1,85,611	1,25,760
	4,34,510	3,34,688
TOTAL	4,73,411	3,70,949

2 The above audited results have been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 30th May, 2016.

3 During the year 2014-15, remuneration paid to Late Mr. Deepak Khaitan, the erstwhile Executive Chairman of the Company, was in excess of the maximum limit prescribed in Schedule V of the Companies Act, 2013. The members of the Company vide a special resolution adopted at their meeting held on 30th July 2015, waived the recovery of such excess remuneration. The Company thereafter applied to the Central Government for approval of waiver of recovery of such Excess remuneration, the final reply for the said application is awaited.

4 30 lacs convertible warrants were allotted to Williamson Magor & Company Limited, existing Promoters of the Company on 13th March 2015 against which the Company had received Rs.7.5 crores being the 25% upfront payment as per SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009. The Allotment Committee of the Company on 31st March 2016 has allotted 5 lacs equity shares on conversion of 5 lacs warrants to the said Williamson Magor & Co. Ltd. thereby reducing warrant application money by Rs. 1.25 cr. The balance in Warrant Application Money Rs. 6.25 cr represents 25% application money for the 25 lakh warrants yet to be converted.

5 The Company entered into a joint venture agreement on 02nd September 2015 with EMC Ltd in a participation ratio of 50:50 and incorporate a Limited Liability Partnership Company under the name of EMC MBE Contracting Company LLC in Oman. The Board of Directors of the Company has adopted the resolution towards formation of this joint venture company at its meeting held on 13th August 2015.

Thereafter, investment of Rs. 152.31 lacs was made in the said LLP in Oman on 11th December 2015.

6 Sale of equipments and contract revenue as reported in this accounts is in proportion to the actual costs incurred on such contracts to their contract values. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

7 The Company is engaged in the business of executing projects on turnkey basis. Progress in some such contracts had suffered for various reasons and mostly beyond the control of the Company. Against these contracts, the Company as a measure of abundant precaution had decided to make an omnibus provision of Rs. 75 Crores in 2013-14 to take care of any future losses that may arise. During the year 2014-15 and 2015-16 expenses amounting to Rs. 61 crores and Rs. 15 crores respectively have been incurred. Consequently, the respective project costs have increased and provision on onerous contract written back to such extent.

8 Deferred tax asset has been recognised to the extent of deferred tax liability.

9 Previous year's figures have been regrouped/rearranged wherever necessary.

Kolkata
30th May, 2016

PRABIR GHOSH
WHOLE TIME DIRECTOR & GROUP CFO