

McNally Bharat Engineering Company Limited

CIN : L45202WB1961PLC025181
Ecospace Campus 2B 11F/12 (Old Plot No. AA II/Blk 3)
New Town Rajarhat North 24 Parganas Kolkata 700160
T +91 33 66281111 30141111 F +91 33 66282277 30142277
E mbe.corp@mbecl.co.in W www.mcnallybharat.com

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

June 11, 2018

Kind Attn: Mr Kautuk Upadhyay, Chief Manager

Dear Sir,

Sub : Statement of Modified Opinion.

We refer to your letter No. NSE/LIST/FR/6607 dated 30th May, 2018.

In this connection, we would like to confirm that the statement of modified opinion submitted by the Company along with Audited Financial Results is for Standalone Financial Results for the year ended 31st March, 2018.

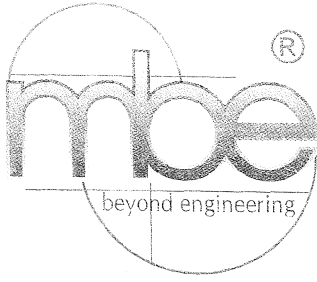
Also, as already intimated to you, vide our letter dated 29th May, 2018, regarding the resignation of our CFO and therefore the statement of modified opinion has not been signed by him.

We hope that your query relating to statement of modified opinion has been clarified to your satisfaction.

Thanking You,

Yours Faithfully,
For McNally Bharat Engineering Company Limited


Indranil Mitra
Company Secretary



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National Stock Exchange of India Ltd.

July 20, 2018

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

Dear Sir /Madam,

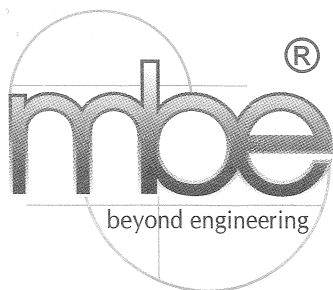
Clarification for Financial Results– MBECL

In respect of the financial result for the year ended on 31st March, 2018 submitted to the exchange on 29th May, 2018, please find below the Statement of Modified Opinion – Standalone and Statement of Modified Opinion – Consolidated.

Thanking you,

Yours faithfully
McNally Bharat Engineering Company Limited


Indranil Mitra
Company Secretary



McNally Bharat Engineering Company Limited

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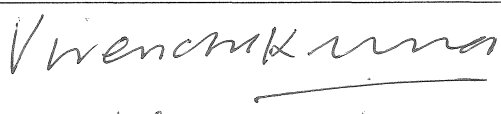
New Town Rajarhat North 24 Parganas Kolkata 700160

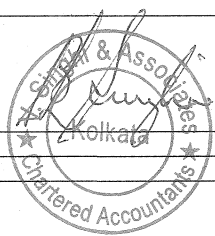
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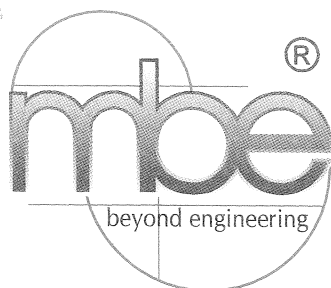
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STANDALONE

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018			
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]			
Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications)
I	1 Turnover / Total income	159218.63	Not ascertainable [Refer II(a) below]
	2 Total Expenditure	215171.99	Not ascertainable [Refer II(a) below]
	3 Net Profit/(Loss)	(42,544.91)	Not ascertainable [Refer II(a) below]
	4 Earnings Per Share	(30.17)	Not ascertainable [Refer II(a) below]
	5 Total Assets	493619.2	Not ascertainable [Refer II(a) below]
	6 Total Liabilities	480154.82	Not ascertainable [Refer II(a) below]
	7 Net Worth	13464.38	Not ascertainable [Refer II(a) below]
	8 Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):		
	a. Details of Audit Qualification:	(i) Note 3 on the Statement regarding payment of excess managerial remuneration for which the Company is yet to seek approval from the Central Government to regularize the same in terms of section 197(3) read with Schedule V to the Act amounting to Rs. 40.82 lacs (Rs. Nil for the quarter ended March 31, 2018) paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018. (ii) Note 4 on the Statement regarding payment of excess managerial remuneration for which approval in terms of section 197(3) read with Schedule V to the Act, is pending from the Central Government amounting to Rs. 220.03 lacs (Rs. 55.06 lacs for the quarter ended March 31, 2018) paid/ payable to the managing director for the financial year ended March 31, 2018 and Rs. 121.87 lacs paid/ payable to two erstwhile whole time directors for the financial year ended March 31, 2017. This matter was also qualified by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, then sole auditor of the Company in the report for the quarter and nine months ended December 31, 2017 and by the predecessor auditor in the report for the financial year ended March 31, 2017 as reported Rs 76.80 lacs. Pending Central Government approval, we are unable to comment on the consequential effect of the above matters on this Statement.	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	i. Repetitive	

	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	Not ascertainable
	(ii) If management is unable to estimate the impact, reasons for the same:	i. The Company is in process of taking necessary approval from the Central Government wherever required.
	(iii) Auditors' Comments on (i) or (ii) above:	Included in the details of auditors qualification
Signatories:		
III	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	
Place: Kolkata		
Date: May 29, 2018		





McNally Bharat Engineering Company Limited

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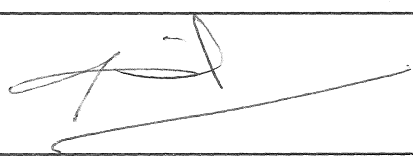
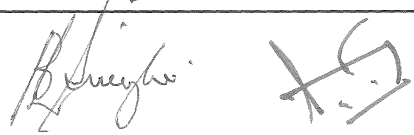
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CONSOLIDATED

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications)
I	1	Total income	-	Not ascertainable [Refer II(a) below]
	2	Total Expenditure	1,84,046.97	Not ascertainable [Refer II(a) below]
	3	Net Profit/(Loss)	2,45,287.20	Not ascertainable [Refer II(a) below]
	4	Net Profit/(Loss)	-47,080.85	Not ascertainable [Refer II(a) below]
	5	Earnings Per Share	-33.96	Not ascertainable [Refer II(a) below]
	6	Total Assets	5,33,354.97	Not ascertainable [Refer II(a) below]
	7	Total Liabilities	5,21,569.96	Not ascertainable [Refer II(a) below]
	8	Net Worth	11,785.01	Not ascertainable [Refer II(a) below]
	8	Any other financial item(s) (as felt appropriate by the management)		
II Audit Qualification (each audit qualification separately):				
	a. Details of Audit Qualification:		(i) Payment of excess managerial remuneration for which the Company is yet to seek approval from the Central Government to regularize the same in terms of section 197(3) read with Schedule V to the Act amounting to Rs. 40.82 lacs paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018. (ii) Payment of excess managerial remuneration for which approval in terms of section 197(3) read with Schedule V to the Act, is pending from the Central Government amounting to Rs. 220.03 lacs paid/ payable to the managing director for the financial year ended March 31, 2018 and Rs. 121.87 lacs paid/ payable to two erstwhile whole time directors for the financial year ended March 31, 2017. Pending Central Government approval, we are unable to comment on the consequential effect of the above matters on this Statement. (iii) On the basis of management accounts received from MBE Minerals Technology Pte Ltd (MBEMT), a fully owned subsidiary of McNally Bharat Engineering Company Limited (MBECL), it was noted that on August 14, 2017 MBEMT sold its entire 99% stake in MBE EWB Kft to MBE CMT GmbH, its associate company, for USD 2.1 million (Rs. 13.75 crores). As per terms of agreement with the buyer 75% of the consideration was to be received within December 31, 2017 and remaining 25% would be settled by March 31, 2018 but the same couldn't materialise and an addendum to the agreement was made on March 27, 2018 wherein both the parties mutually decided to defer the settlement date to 30th September 2018. As this is after the date of our audit report we are not in a position to determine its recoverability within the stipulated date. Hence we are unable to comment on the same.	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Qualified Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		(i) and (ii) Repetitive (iii) First time	

	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	Not ascertainable
	(ii) If management is unable to estimate the impact, reasons for the same:	i. The Company is in process of taking necessary approval from the Central Government. ii) The Company is positive about recovery of the amount due by the settlement date of 30th September, 2018.
	(iii) Auditors' Comments on (i) or (ii) above:	Included in the details of auditors qualification
	Signatories:	
III	• Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditors	
	Place: Kolkata	
	Date: May 29, 2018	