

McNally Bharat Engineering Company Limited

CIN : L45202WB1961PLC025181
Ecospace Campus 2B 11F/12 (Old Plot No. AA II/Blk 3)
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November 14, 2018

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 Board Meeting

We would like to inform you that the Board of Directors at their meeting held on date, i.e. November 14, 2018, has –

1. Approved and taken on record the Unaudited Financial Results of the Company for the Quarter and Half Year ended September 30, 2018 along with the Auditors' Report thereon in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (copy attached).
2. Approved the proposal for reclassification of the Shareholding of EMC Limited and MKN Investment Pvt. Ltd. from 'Promoter' Category to 'Public' Category subject to approval of Shareholders by way of Postal Ballot.
3. Approved the draft postal Ballot Notice relating to the following items :-
 - i) Reclassification of the Shareholding of EMC Limited and MKN Investment Pvt. Ltd. from 'Promoter' Category to 'Public' Category.
 - ii) Approval and waiver of Managerial remuneration of Mr Srinivash Singh as the Managing Director of the Company for a period of 3 years w.e.f. December 14, 2016.

Thanking You,

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 HALF YEARLY STANDALONE UNAUDITED
FINANCIAL RESULTS OF McNALLY BHARAT ENGINEERING COMPANY LIMITED**

**TO THE BOARD OF DIRECTORS OF
McNALLY BHARAT ENGINEERING COMPANY LIMITED**

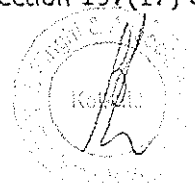
1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **McNally Bharat Engineering Company Limited** ("the Company"), for the quarter and half year ended September 30, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 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. We draw attention to:

- (i) Note 4 on the Statement. The Board has now decided to recover excess managerial remuneration amounting to Rs. 40.82 lacs paid/payable to erstwhile one whole time director for the financial year ended March 31, 2018 by superseding its earlier recommendation and Shareholders approval for waiver. The Company is in the process of obtaining necessary approvals for the same. Accounting entry for the same would be passed in the subsequent period after getting necessary approvals.
- (ii) Note 5 on the Statement regarding waiver of recovery of excess managerial remuneration amounting to Rs. 109.98 lacs (Rs. 54.99 lacs for the quarter ended June 30, 2018) for the half year ended September 30, 2018 and Rs. 220.03 lacs 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 concerned banks and from the shareholders of the Company in terms of section 197(17) of the Act.



These matters were also qualified in our report for the financial year ended March 31, 2018 and quarter ended June 30, 2018.

Pending approval from the banks and from the shareholders of the Company, we are unable to comment on the consequential effect of the above matters on this Statement.

4. Based on our review conducted as stated above, except for the possible effects of the matters described in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying 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, or that it contains any material misstatement.
5. The comparative financial information of the Company for the quarter and half year ended September 30, 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 November 14, 2017 on these comparative financial information expressed a modified conclusion as follows:

Regarding remuneration aggregating Rs. 153.06 lacs paid/ payable to a whole-time director and the managing director of the Company for the period April 1, 2017 to September 30, 2017 for which the Company has not obtained requisite approvals as mandated under section 197(3) read with Schedule V of the Act. The impact of the said non-compliance is currently unascertainable.

Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number: 117366W/ W-100018



(A. Bhattacharya)

Partner

Membership No.054110

Date: November 14, 2018

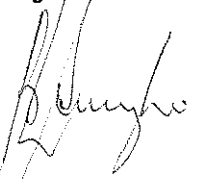
Place: Kolkata



V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E



(V. K. Singhi)

Partner

Membership No.050051



McNALLY BHARAT ENGINEERING COMPANY LIMITED

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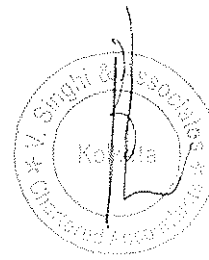
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Statement of Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2018

(Rs. in Lakhs, unless otherwise stated)						
Particulars	Three months ended			Half Year ended		Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenue from operations						
(a) Net sales/ Income from operations	59,224.35	45,760.18	37,952.02	1,04,984.53	75,946.02	1,43,061.72
(b) Other operating income	28.26	33.98	178.41	62.24	31.54	254.20
Total income from operations	59,252.61	45,794.16	38,130.43	1,05,046.77	75,977.56	1,43,315.92
2 Other income	15,606.22	2,887.20	4,914.29	18,493.42	8,978.24	15,902.71
3 Total income (1+2)	74,858.83	48,681.36	43,044.72	1,23,540.19	84,955.80	1,59,218.63
4 Expenses						
(a) Cost of materials consumed	39,571.73	31,747.08	37,411.52	71,318.81	56,349.52	84,948.62
(b) Outsourcing expenses to job workers	10,667.13	9,963.34	5,512.18	20,630.47	20,262.18	45,007.10
(c) Excise duty	-	-	-	-	57.16	57.16
(d) Employee benefits expense	2,438.11	2,439.73	2,437.53	4,877.84	5,020.53	9,796.93
(e) Finance costs	11,111.04	11,026.40	11,966.66	22,137.44	24,616.66	50,235.54
(f) Depreciation and amortization expense	277.05	287.24	374.61	564.29	779.61	1,461.92
(g) Other expenses	9,641.66	4,405.16	3,392.55	14,046.82	10,325.55	23,649.57
Total expenses	73,706.72	59,868.95	61,095.05	1,33,575.67	1,17,411.21	2,15,156.84
5 Profit/(Loss) before tax (3-4)	1,152.11	(11,187.59)	(18,050.33)	(10,035.48)	(32,455.41)	(55,938.21)
6 Tax expenses:						
Deferred tax	-	-	(4,517.08)	-	(8,733.08)	(13,393.30)
7 Profit/(Loss) for the period/year (5-6)	1,152.11	(11,187.59)	(13,533.25)	(10,035.48)	(23,722.33)	(42,544.91)
8 Other comprehensive income						
(a) Items that will not be reclassified to profit or loss	(25.26)	(25.27)	(11.83)	(50.53)	(23.83)	(101.07)
Total other comprehensive income (net of income tax)	(25.26)	(25.27)	(11.83)	(50.53)	(23.83)	(101.07)
9 Total comprehensive income for the period/year (7+8)	1,126.85	(11,212.86)	(13,545.08)	(10,086.01)	(23,746.16)	(42,645.98)
10 Paid up equity share capital (Face value of the share Rs.10 each)	17,215.18	15,804.46	5,739.00	17,215.18	5,739.00	15,804.46
11 Reserves excluding revaluation reserve	-	-	-	-	-	(8,005.03)
12 Earnings per share (of Rs. 10/- each) (not annualised):						
Basic	0.53	(5.27)	(9.63)	(4.74)	(16.88)	(30.17)
Diluted	0.53	(5.27)	(9.63)	(4.74)	(16.91)	(30.17)

Also refer accompanying notes to the financial results.



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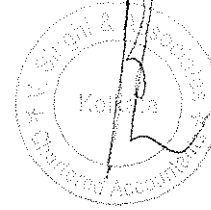
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Statement of Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2018

Notes:

1. Balance Sheet

(Rs. In lakhs)		
Particulars	As at September 30, 2018 (Unaudited)	As at March 31, 2018 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	4,590.94	5,157.14
Capital work-in-progress	464.95	462.48
Intangible assets	51.57	50.18
Financial assets		
i. Investments	20,942.95	48,545.17
ii. Other financial assets	903.59	202.39
Deferred tax assets (net)	51,706.60	51,706.60
Other non-current assets	227.11	229.48
Total non-current assets	78,887.71	1,06,353.44
Current assets		
Inventories	7,006.74	8,974.02
Financial assets		
i. Trade receivables	1,70,009.90	1,71,059.83
ii. Cash and cash equivalents	8,258.76	9,106.88
iii. Bank balances other than cash and cash equivalents above	4,871.93	2,517.23
iv. Loans	2,857.83	1,815.01
v. Other financial assets	66,145.99	1,44,246.43
Current tax assets (net)	6,896.29	11,470.80
Other current assets	41,940.64	38,075.56
Total current assets	3,07,988.08	3,87,265.76
Total assets	3,86,875.79	4,93,619.20
EQUITY AND LIABILITIES		
Equity		
Equity share capital	17,215.18	15,804.46
Other equity		
Compulsorily convertible preference shares	3,941.90	5,352.62
Money received against share warrants	100.00	100.00
Reserves and surplus	(18,563.29)	(7,792.70)
Total equity	2,693.79	13,464.38
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
i. Other financial liabilities	405.65	365.63
Provisions	582.71	621.33
Total non-current liabilities	988.36	986.96
Current liabilities		
Financial Liabilities		
i. Borrowings	1,47,998.64	3,05,811.61
ii. Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	330.64	177.76
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,03,616.36	84,518.92
iii. Other financial liabilities	26,551.19	28,312.49
Other current liabilities	1,04,511.14	60,165.71
Provisions	185.67	181.37
Total current liabilities	3,83,193.64	4,79,167.86
Total liabilities	3,84,182.00	4,80,154.82
Total equity and liabilities	3,86,875.79	4,93,619.20



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Statement of Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2018

Notes:

- 2 The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on November 14, 2018.
- 3 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.
- 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 March 31, 2018, superseding its earlier decision and approval of Shareholders of the Company for waiver. The Company would initiate steps for necessary approval for recovery of such amount. Accounting entry for the same would be passed in the subsequent period after getting necessary approvals.
- 5 In respect of waiver of recovery of excess remuneration paid / payable amounting to Rs. 220.03 lacs and Rs. 109.98 lacs to the Managing Director for the financial year ended March 31, 2018 and half year ended September 30, 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 March 31, 2018, review report for the Quarter ended June 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 half year ended September 30, 2017.
- 6 During the Quarter ended September 30, 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 quarter and half year ended September 30, 2018.
- 7 The Ministry of Corporate Affairs (MCA), on March 28, 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 April 1, 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 half year ended September 30, 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.

Place: Kolkata
Date : November 14, 2018


SRINIVASH SINGH
MANAGING DIRECTOR
DIN: 00789624

