

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@mbecol.co.in W www.mcnallybharat.com

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,

Sub: Limited Review Report for the quarter ended 31st December, 2016

We enclose herewith the Unaudited Financial Results for the Quarter ended 31st December, 2016, which were taken on record by the Board of Directors of the Company at its Meeting held on date, i.e 14th February, 2017.

We also enclose herewith the Auditors' Report on Limited Review of the Unaudited Financial Results of the Company for the quarter ended 31st December, 2016.

Regarding item 4(i) of the said report, we would like to explain that in the books of McNally Bharat Engineering Co. Ltd. (MBE), an amount of Rs 7400 lacs stands receivable from MBE Mineral Technologies Pte Limited (MBE Singapore) on account of advances given as allowed under FEMA and Exchange control Guideline of Reserve Bank of India. Part of the receivables is also on account of interest being charged on such advance as stipulated in the Companies Act. The amount shall be paid by MBE Singapore as and when they receive payment from Schillingtons Ltd, UK, against the sale proceeds of sale of 70% stake of MBE Singapore in CMT Group Germany to Schillingtons. The agreement to sale between MBE Singapore and Shillingtons is valid as per the German Law, which provides extension of payment time with bilateral consent. The said agreement has been extended by both the parties from time to time as permitted in the agreement. This receivable is backed by receivable from sale proceeds of valuable assets and MBE Singapore can at any point of time reclaim the transferred shares, by not extending payment time, which have been well defined in sale agreement notarized in the City of Cologne.

Regarding item 4(ii) of the said report, we would like to explain that Investment of Rs. 2550.74 Lacs in MBE Mineral Technologies Pte Ltd Singapore by McNally Bharat Engineering Co Ltd is considered good and recoverable in the views of the Management.

Thanking you,

MCNALLY BHARAT ENGINEERING CO. LTD.

DIBAKAR CHATTERJEE
COMPANY SECRETARY

Notes:-

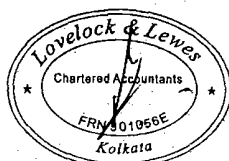
- 1 This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2016, the Company has for the first time adopted Ind AS with a transition date of April 1, 2015.
- 2 The format for Un-audited Quarterly Results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's circular dated July 5, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- 3 The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for Segment Reporting per Ind AS 108.
- 4 The above unaudited results for the quarter ended December 31, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on February 14, 2017 and these have been subjected to a Limited Review by the Statutory Auditor of the Company.
- 5 The Statement does not include Ind AS compliant statement of results for the previous year ended March 31, 2016 as the same is not mandatory as per SEBI's circular dated July 5, 2016.
- 6 Deferred tax assets have been recognised to the extent of deferred tax liabilities.
- 7 The reconciliation of net loss reported in accordance with Indian GAAP to Total Comprehensive Income in accordance with Ind AS is given below:

(All figures in Rs. Lacs, unless otherwise stated)

Description	Quarter ended 31-12-2015	Nine months ended 31-12-2015
Net Loss as reported under previous GAAP (Indian GAAP)	(8,560)	(22,460)
Add/(Less): Adjustment on account of :		
Impact of measurement of derivative financial instruments at fair value as per Ind AS 109	-	(198)
Reclassification of actuarial losses, arising in respect of employee benefit schemes, to Other Comprehensive Income as per Ind AS 19	14	42
Amortisation of transaction cost pertaining to borrowings	(54)	646
Reclassification of dividend pertaining to preference share capital	(33)	(101)
Impact of measurement of interest free rental deposits at amortised cost using effective interest method	(1)	(3)
Impact of measurement of Other Long Term Loans & Advances at amortised cost using effective interest method	(744)	(1,879)
Impact of fair valuation of Investments as per Ind AS 109	3	(3)
Impact of expected credit loss in respect of trade receivables as per Ind AS 109	(477)	(1,031)
Impact of decommissioning obligations in respect of project site restoration	(2)	(8)
Impact of fair valuation of corporate guarantee as per Ind AS 109	38	(36)
Impact of fair valuation of contract revenue as per Ind AS 11	(2,617)	(1,589)
Net Loss as per Ind AS	(12,433)	(26,620)
Other Comprehensive Income (net of tax)	(14)	(42)
Total Comprehensive Income for the period	(12,447)	(26,662)

- 8 In the books of McNally Bharat Engineering Co. Ltd. (MBE), an amount of Rs 7400 lacs stands receivable from MBE Mineral Technologies Pte Limited (MBE Singapore) on account of advances given as allowed under FEMA and Exchange control Guideline of Reserve Bank of India. Part of the receivables is also on account of interest being charged on such advance as stipulated in the Companies Act. The amount shall be paid by MBE Singapore as and when they receive payment from Schillingtons Ltd, UK against the sale proceeds of sale of 70% stake of MBE Singapore in CMT Group Germany to Schillingtons. The agreement to sale between MBE Singapore and Schillingtons is valid as per the German Law, which provides extension of payment time with bilateral consent. The said agreement have been extended by both the parties from time to time as permitted in the agreement. This receivable is backed by receivable from sale proceeds of valuable assets and MBE Singapore can at any point of time reclaim the transferred shares, by not extending payment time, which have been well defined in sale agreement notarized in the City of Cologne. Investment of Rs. 2550.74 Lacs in MBE Mineral Technologies Pte Ltd Singapore by McNally Bharat Engineering Co Ltd is considered good and recoverable in the views of the Management.
- 9 The value of award of Rs. 6219.32 Lacs given by the Honorable Tribunal, in an Arbitration case, has been accounted for during the current period, in light of the legal opinion received from the Company's lawyer. The opinion have been given considering the hard facts of the case and also keeping in view of the recent guideline of NITI Ayog (vide their OM No 14070/14/2019-PPPAU DT. 5.9.2016), which allowed recognition of such award by claiming upto 75% of the value of award, pending disposal of any application under Sec 34 of Arbitration and Reconciliation Act, 1996.
- 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 quarter and 9 months ended December 31, 2015 have been reclassified, wherever necessary to make them Ind AS compliant and comparable with the figure for the current period.

Kolkata
February 14, 2017



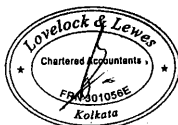
PRABIR GHOSH
WHOLETIME DIRECTOR

Statement of Standalone Unaudited Financial Results for the Quarter and Nine months ended 31st December, 2016

PART I

(All figures in Rs. Lakhs, unless otherwise stated)

Sl. No.	Particulars (Refer Notes Below)	3 months ended 31-12-2016 Unaudited	Preceding 3 months ended 30-09-2016 Unaudited	Corresponding 3 months ended in the previous year 31-12-2015 Unaudited	Year to date figures for current period ended 31-12-2016 Unaudited	Year to date figures for previous period ended 31-12-2015 Unaudited
1	Income from operations					
	(a) Net Sales/ Income from operations	45,719	36,834	49,207	1,21,746	1,65,276
	(b) Other operating income	1,845	1,932	1,792	5,210	6,585
	Total Income from operations	47,564	38,766	50,999	1,26,956	1,71,861
2	Expenses					
a.	Cost of materials consumed	28,955	32,980	33,750	90,928	1,03,223
b.	Outsourcing expenses to outsiders for job work	14,710	8,412	11,746	36,965	41,795
c.	Employee benefits expenses	2,265	2,464	2,872	7,127	8,720
d.	Depreciation and amortisation expenses	539	624	545	2,080	1,732
e.	Other expenses	6,575	10,436	8,558	23,260	22,763
	Total expenses	53,044	54,916	57,471	1,60,360	1,78,233
3	Profit/(Loss) from operations before other income, finance cost and exceptional items (1-2)	(5,480)	(16,150)	(6,472)	(33,404)	(6,372)
4	Other Income	841	6,011	1,068	7,423	2,847
5	Profit/(Loss) before finance costs and exceptional items (3+4)	(4,639)	(10,139)	(5,404)	(25,981)	(3,525)
6	Finance costs	10,029	9,715	7,029	28,239	23,095
7	Profit/(Loss) before exceptional items (5-6)	(14,668)	(19,854)	(12,433)	(54,220)	(26,620)
8	Exceptional items	-	-	-	-	-
9	Profit/(Loss) before tax (7+8)	(14,668)	(19,854)	(12,433)	(54,220)	(26,620)
10	Tax expense	-	-	-	-	-
11	Net Profit/(Loss) for the period (9-10)	(14,668)	(19,854)	(12,433)	(54,220)	(26,620)
12	Other comprehensive income, net of income tax					
a.	Items that will not be reclassified to profit or loss	2	2	(14)	6	(42)
b.	Items that will be reclassified to profit or loss					
	Total other comprehensive income, net of income tax	2	2	(14)	6	(42)
13	Total Comprehensive Income for the period (11+12)	(14,666)	(19,852)	(12,447)	(54,214)	(26,662)
14	Paid up equity share capital (Face value of the share Rs. 10)	5,359	5,359	5,059	5,359	5,059
15	Earning per share (of Rs. 10/- each) (not annualised):					
	Basic	(27.75)	(38.77)	(24.92)	(105.15)	(61.62)
	Diluted	(27.75)	(38.77)	(24.92)	(105.15)	(61.62)
	See accompanying note to the financial results					

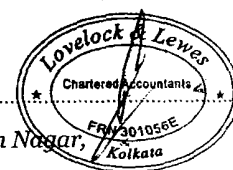


Lovelock & Lewes

Chartered Accountants

The Board of Directors
McNally Bharat Engineering Company Limited
4 Mangoe Lane,
Kolkata 700001.

1. We have reviewed the unaudited financial results of McNally Bharat Engineering Company Limited (the "Company") for the quarter ended December 31, 2016 which are included in the accompanying 'Statement of Standalone Unaudited Financial Results for the Quarter and Nine months ended 31st December, 2016' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance Sheet as at April 1, 2015 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. 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 Engagement (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.
3. 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.
4. We draw your attention to:
 - (i) Note 8 regarding non-provisioning against overdue receivables amounting to Rs. 7400 Lacs (net) due for more than one year from MBE Mineral Technologies Pte Limited, the wholly owned subsidiary of the Company in Singapore, is not in accordance with requirements of Ind AS 109 Financial Instruments and not in compliance with the provisions of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time of the Foreign Exchange Management Act 2000. As set out in aforesaid note, the Management is making necessary efforts to ensure collection of dues from the subsidiary, however, there are uncertainties regarding the amounts that would be collected ultimately.
 - (ii) Note 8 regarding non-provision for decline in the value of long term investments in MBE Mineral Technologies Pte Limited aggregating Rs. 2550.74 Lacs, is not in accordance with the requirements of Ind AS 36 Impairment of Assets. Consequently, in absence of the appropriate audit evidence supporting the management assessment regarding appropriateness of the carrying value of investment, we are unable to comment on its impact on the loss for the period.



Lovelock & Lewes, Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar,
Kolkata - 700 091

T: +91 (33) 2357 9260, +91 (33) 2357 7600, F: +91 (33) 2357 7496

Head office: Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata - 700 091

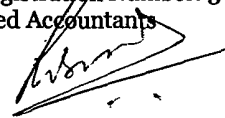
Lovelock & Lewes

Chartered Accountants

5. Based on our review conducted as above, except for our comments in paragraph 4 above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 and SEBI circular dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We draw attention to the following matter:
Note 1 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2016, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS.

Our conclusion is not qualified in respect of this matter.

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



Prabal Kr. Sarkar
Partner
Membership Number: 52340

Kolkata
Dated: February 14, 2017

Statement of Standalone Unaudited Financial Results for the Quarter and Nine months ended 31st December, 2015

PART I

(All figures in Rs. Lakhs, unless otherwise stated)

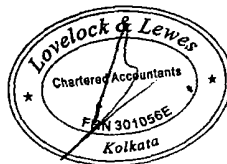
Sl. No.	Particulars (Refer Notes Below)	3 months ended 31-12-2015 Unaudited	Year to date figures for current period ended 31-12-2015 Unaudited
1	Income from operations		
	(a) Net Sales/ Income from operations	49,207	165,276
	(b) Other operating income	1,792	6,585
	Total income from operations	50,999	1,71,861
2	Expenses		
a.	Cost of materials consumed	33,750	1,03,223
b.	Outsourcing expenses to outsiders for job work	11,746	41,795
c.	Employee benefits expenses	2,872	8,720
d.	Depreciation and amortisation expenses	545	1,732
e.	Other expenses	8,558	22,763
	Total expenses	57,471	1,78,233
3	Profit/(Loss) from operations before other income, finance cost and exceptional items (1-2)	(6,472)	(6,372)
4	Other income	1,068	2,847
5	Profit/(Loss) before finance costs and exceptional items (3+4)	(5,404)	(3,525)
6	Finance costs	7,029	23,095
7	Profit/(Loss) before exceptional items (5-6)	(12,433)	(26,620)
8	Exceptional items	-	-
9	Profit/(Loss) before tax (7+8)	(12,433)	(26,620)
10	Tax expense	-	-
11	Net Profit/(Loss) for the period (9-10)	(12,433)	(26,620)
12	Other comprehensive income, net of income tax		
a.	Items that will not be reclassified to profit or loss	(14)	(42)
b.	Items that will be reclassified to profit or loss	-	-
	Total other comprehensive income, net of income tax	(14)	(42)
13	Total Comprehensive Income for the period (11+12)	(12,447)	(26,662)
14	Paid up equity share capital (Face value of the share Rs. 10)	5,059	5,059
15	Earning per share (of Rs. 10/- each) (not annualised):		
	Basic	(24.92)	(61.62)
	Diluted	(24.92)	(61.62)
	See accompanying note to the financial results		

Notes:-

- 1 This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2016, the Company has for the first time adopted Ind AS with a transition date of April 1, 2015.
- 2 The format for Un-audited Quarterly Results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's circular dated July 5, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- 3 The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for Segment Reporting per Ind AS 108.
- 4 The above unaudited results for the quarter ended December 31, 2015 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on February 14, 2017 and these have been subjected to a Limited Review by the Statutory Auditor of the Company.
- 5 The Statement does not include Ind AS compliant statement of results for the previous year ended March 31, 2015 as the same is not mandatory as per SEBI's circular dated July 5, 2016.
- 6 Deferred tax assets have been recognised to the extent of deferred tax liabilities.
- 7 Project business is subject to quarter to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.

Kolkata
 February 14, 2017

ABHIR GHOSH
 WHOLETIME DIRECTOR



Lovelock & Lewes

Chartered Accountants

The Board of Directors
McNally Bharat Engineering Company Limited
4 Mangoe Lane,
Kolkata 700001.

1. This report is issued in accordance with the terms of our agreement dated October 17, 2016 along with Addendum -1 dated January 20, 2017.
2. We have reviewed the unaudited financial results of McNally Bharat Engineering Company Limited (the "Company") for the quarter ended December 31, 2015 which are included in the accompanying 'Statement of Standalone Unaudited Financial Results for the Quarter and Nine months ended 31st December, 2015' together with the notes thereon (the "Statement"). The Statement has been prepared by the Management of the Company, pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, in connection with the requirement to present reviewed Ind AS comparative information. We have initialed the attached Statement for identification purpose only.

Management's Responsibilities for the Statement

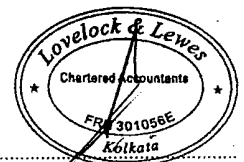
3. The preparation of the Statement in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) issued under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, is the responsibility of the Management of the Company, including the creation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. Further, as informed to us, the accounting policies used by the Management in the preparation of this Statement are consistent with those used in the preparation of its opening unaudited Ind AS Balance Sheet as at April 1, 2015.

Auditors' Responsibilities

5. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity - issued by the Institute of Chartered Accountants of India.
6. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Conclusion

7. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared, in all material respects, in accordance with Ind AS issued under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.



Lovelock & Lewes, Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar,
Kolkata - 700 091

T: +91 (33) 2357 9260, +91 (33) 2357 7600, F: +91 (33) 2357 7496

Head office: Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata - 700 091

Lovelock & Lewes

Chartered Accountants

Page 2 of 2

Emphasis of Matter Paragraph – Basis of Preparation

8. We draw attention to Note 1 to the Statement, which describes the basis of its preparation and states that the Company has adopted Ind AS for the financial year commencing from April 1, 2016, and accordingly, the Statement, has been prepared by the Company's Management in compliance with Ind AS. The Statement is not the statutory financial statements of the Company, and is not intended to, and does not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the Statement for the purposes for which those have been prepared. Our conclusion is not qualified in respect of this matter.

Other Matters

9. The Company has prepared the results for the quarter ended December 31, 2015 in accordance with the Companies (Accounting Standards) Rules, 2006 referred to in Section 133 of the Act, on which we issued our unmodified conclusion vide our review report dated February 12, 2016. The financial information for the quarter ended December 31, 2015, are based on the previously reviewed financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been reviewed by us. Our conclusion is not qualified in respect of this matter.

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



Prabal Kr. Sarkar
Partner
Membership Number: 52340

Place: Kolkata
Date: February 14, 2017.