

## 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

13.02.2018

The General Manager  
Department of Corporate  
Relations BSE Limited  
Sir Phiroze Jeejeebhoy Towers  
Dalal Street, Fort Mumbai-400 001

The Vice President  
Listing Department  
The National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Bandra (East)  
Mumbai-400 051

**Sub: Intimation for outcome of board meeting of the Company for preferential allotment of compulsorily convertible preference shares, equity shares and warrants by McNally Bharat Engineering Company Limited ("Company") under the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013 (including the rules made thereunder) ("Preferential Allotment") and other matters**

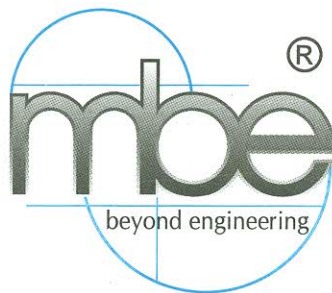
Dear Sir/ Madam,

We wish to inform you that the Board of Directors of the Company, at their meeting held on February 13, 2018 have approved the following:

1. An Extra Ordinary General Meeting (EGM) of the Shareholders of the Company will be held on 15<sup>th</sup> March, 2018.
2. **Amendment of Capital Clause:**

Subject to the approval of the Shareholders of the Company in the forthcoming EGM the Authorised Share Capital of the Company will be increased to Rs. 500,00,00,000 (Rupees Five Hundred Crores Only) divided into 24,00,00,000 (Twenty Four Crores only) equity shares of Rs. 10/- (Rupees Ten Only), 14,00,00,000 Convertible Preference Shares of Rs. 10/- (Rupees Ten Only) each and 1,20,00,000 (One Crore Twenty Lacs) Non- Convertible Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) Each.

Consequently, subject to the approval of the Shareholders of the Company in the forthcoming EGM, Clause V of the Memorandum of Association and the relevant Article in the Articles of Association of the Company would be suitably substituted.



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### 3. Issue of securities of the Company on preferential basis:

- a. Upto 43,819,000 Compulsorily convertible preference shares of Rs 10 each ("CCPS") at a premium of Rs. 52 per CCPS for cash to following investors:

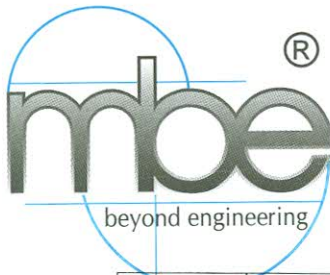
| Sl. No. | Name of the Allottee                | No. of CCPS to be Allotted |
|---------|-------------------------------------|----------------------------|
| 1       | Aditya Birla Capital                | 11,290,000                 |
| 2       | ECAP Equities Limited               | 8,200,000                  |
| 3       | Edelweiss Credit Opportunities Fund | 8,200,000                  |
| 4       | ILFS                                | 16,129,000                 |

- b. Upto 12,000,000 Compulsorily convertible preference shares of Rs 10 each ("CCPS") at a premium of Rs. 52 per CCPS to **Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited**, Promoters of the Company against part conversion of unsecured loan amounting to Rs. 74.40 crores, which is lying with the Company;

- c. Upto 32,270,000 equity shares of Rs 10 each ("Equity Shares") at a premium of Rs. 52 per Equity Share for cash to the following investors:

| Sl. No. | Name of the Allottee                    | No. of Equity to be Allotted |
|---------|-----------------------------------------|------------------------------|
| 1       | Premier Capital & Securities (P) Ltd.   | 4,200,000                    |
| 2       | Techpro Ventures LLP                    | 2,420,000                    |
| 3       | Merlin Securities Private Limited       | 9,500,000                    |
| 4       | Sunny Rock Estates & Developers (P) Ltd | 5,650,000                    |
| 5       | Gunkali Commodities Pvt. Ltd            | 4,800,000                    |
| 6       | Kotak Mahindra Bank Limited             | 2,500,000                    |
| 7       | DMI Finance Pvt. Ltd                    | 3,200,000                    |

- d. Upto 4000000 warrants of Rs 10 each ("Warrants") at a premium of Rs. 52 per Warrant for cash to the following investors:



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| Sl. No. | Name of the Allottee          | No. of Warrant to be Allotted |
|---------|-------------------------------|-------------------------------|
| 1       | SLC Traders Company Pvt. Ltd. | 2,500,000                     |
| 2       | Mrs. Urmila Kapadia           | 1,500,000                     |

The Board of Directors of the Company have authorised Mr. Indranil Mitra, Company Secretary, on behalf of the Board to finalise the notice of the Extra Ordinary General Meeting and explanatory statement for obtaining consent of the members of the Company to the Preferential Allotment and to do all such acts, deeds, matters and things as may at his sole and absolute discretion deem fit, necessary, desirable incidental or expedient for such purpose, to give effect to this resolution.

#### 4. Appointment of Joint Statutory Auditor:

Subject to the approval of the Shareholders of the Company in the forthcoming EGM, M/s V. Singhi & Associates, Chartered Accountants, be appointed as Joint Statutory Auditors for a period of 4 years from financial year 2018-19 to financial year 2022-23.

#### 5. Unaudited Financial Results:

The Board of Directors at their meeting held on February 13, 2018, has taken on record the Unaudited Financial Results of the Company for the Quarter and Nine Months period ended December 31, 2017 (copy enclosed), in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Please find enclosed herewith the Auditors' Report on Limited Review of the Unaudited Financial Results of the Company for the Quarter and Nine Months period ended December 31, 2017.

We request you to take the above on record and the same be treated as compliance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Thanking you,

Yours Faithfully,  
For McNally Bharat Engineering Company Limited

  
Indranil Mitra  
Company Secretary  
Encl: As above

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF  
INTERIM STANDALONE FINANCIAL RESULTS**

**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 nine months ended December 31, 2017 ("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 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 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. 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 Note 3 on the Statement regarding payment of following excess managerial remuneration for which the Company is yet to seek approval from the Central Government to regularise the same in terms of section 197(3) read with Schedule V to the Companies Act, 2013:
  - (i) Rs.121.87 lacs to erstwhile two whole time directors for the financial year 2016-17 (Previous year as reported Rs. 76.80 lacs),
  - (ii) Rs. 208.05 lacs (Rs. 54.99 for the quarter ended December 31, 2017) to the managing director and a whole time director during the nine months period ended December 31, 2017.

Pending Central Government approval, we are unable to comment on the consequential effect of the above matter on this Statement.

This matter was also qualified in the report for the quarter ended September 30, 2017 and by the predecessor auditor in the report for the financial year ended March 31, 2017.

# Deloitte Haskins & Sells LLP

4. Based on our review conducted as stated above and except for the possible effects of the matter 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 aforesaid Indian Accounting Standards 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 nine months period ended December 31, 2016 and for the year ended March 31, 2017 prepared in accordance with Indian Accounting Standards (Ind-AS) included in this statement have been reviewed / audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information expressed a modified conclusion / opinion as follows:
- (i) regarding the payment of excess managerial remuneration aggregating to Rs. 76.80 lacs under the Companies Act, 2013 for the year ended March 31, 2017 report dated May 30, 2017;
  - (ii) regarding the non-provisioning against overdue receivables of Rs. 7,400.00 lacs (net) as at December 31, 2016 (Rs. 7,180.00 lacs (net) as at March 31, 2017) due from and non-provisioning for impairment in the carrying value of long term investments of Rs. 2,550.74 lacs in a wholly owned subsidiary for the quarter and nine months period ended December 31, 2016 report dated February 14, 2017 (Rs.2,550.74 lacs for the year ended March 31, 2017 as per report dated May 30, 2017) respectively

For **DELOITTE HASKINS AND SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**A. Bhattacharya**  
Partner  
(Membership No.0541110)

Kolkata, February 13, 2018



**Statement of Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2017**

(Rs. in Lakhs, unless otherwise stated)

|                                                                             | Quarter ended    |                   |                  | Nine months ended |                  | 12 months ended |
|-----------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|------------------|-----------------|
|                                                                             | 31 December 2017 | 30 September 2017 | 31 December 2016 | 31 December 2017  | 31 December 2016 | 31 March 2017   |
|                                                                             | (Unaudited)      | (Unaudited)       | (Unaudited)      | (Unaudited)       | (Unaudited)      | Audited         |
| <b>1 Revenue from operations</b>                                            |                  |                   |                  |                   |                  |                 |
| (a) Net sales/ Income from operations                                       | 30,341           | 37,952            | 45,719           | 1,06,287          | 1,21,746         | 1,90,750        |
| (b) Other operating income                                                  | 127              | 1                 | 32               | 158               | 65               | 101             |
| <b>Total income from operations</b>                                         | <b>30,468</b>    | <b>37,953</b>     | <b>45,751</b>    | <b>1,06,445</b>   | <b>1,21,811</b>  | <b>1,90,851</b> |
| <b>2 Other income</b>                                                       | <b>1,933</b>     | <b>5,091</b>      | <b>2,654</b>     | <b>10,911</b>     | <b>12,568</b>    | <b>33,213</b>   |
| <b>3 Total income (1+2)</b>                                                 | <b>32,401</b>    | <b>43,044</b>     | <b>48,405</b>    | <b>1,17,356</b>   | <b>1,34,379</b>  | <b>2,24,064</b> |
| <b>4 Expenses</b>                                                           |                  |                   |                  |                   |                  |                 |
| (a) Cost of materials consumed                                              | 20,285           | 37,412            | 28,955           | 76,635            | 90,928           | 1,48,410        |
| (b) Outsourcing expenses to outsiders for job work                          | 8,629            | 5,512             | 14,710           | 28,891            | 36,965           | 53,092          |
| (c) Excise duty                                                             | -                | -                 | -                | 57                | -                | 287             |
| (d) Employee benefits expense                                               | 2,544            | 2,438             | 2,265            | 7,564             | 7,127            | 9,344           |
| (e) Finance costs                                                           | 11,548           | 11,967            | 10,029           | 36,165            | 28,239           | 39,207          |
| (f) Depreciation and amortisation expense                                   | 354              | 375               | 539              | 1,133             | 2,080            | 2,533           |
| (g) Other expenses                                                          | 6,395            | 3,393             | 6,575            | 16,720            | 23,260           | 26,144          |
| <b>Total expenses</b>                                                       | <b>49,755</b>    | <b>61,097</b>     | <b>63,073</b>    | <b>1,67,165</b>   | <b>1,88,599</b>  | <b>2,79,017</b> |
| <b>5 Loss before tax (3-4)</b>                                              | <b>-17,354</b>   | <b>-18,053</b>    | <b>-14,668</b>   | <b>-49,809</b>    | <b>-54,220</b>   | <b>-54,953</b>  |
| <b>6 Tax expenses:</b>                                                      |                  |                   |                  |                   |                  |                 |
| (a) Current tax                                                             | -                | -                 | -                | -                 | -                | -10,812         |
| (b) Deferred tax                                                            | -2,969           | -4,517            | -                | -11,702           | -                | -38,313         |
| <b>7 Loss for the period / year (5-6)</b>                                   | <b>-14,385</b>   | <b>-13,536</b>    | <b>-14,668</b>   | <b>-38,107</b>    | <b>-54,220</b>   | <b>-5,828</b>   |
| <b>8 Other comprehensive income</b>                                         |                  |                   |                  |                   |                  |                 |
| (a) Items that will not be reclassified to profit or loss                   | -12              | -12               | 2                | -36               | 6                | -48             |
| <b>Total other comprehensive income (net of income tax)</b>                 | <b>-12</b>       | <b>-12</b>        | <b>2</b>         | <b>-36</b>        | <b>6</b>         | <b>-48</b>      |
| <b>9 Total comprehensive income for the period (7+8)</b>                    | <b>-14,397</b>   | <b>-13,548</b>    | <b>-14,666</b>   | <b>-38,143</b>    | <b>-54,214</b>   | <b>-5,876</b>   |
| <b>10 Paid up equity share capital (Face value of the share Rs.10 each)</b> | <b>5,739</b>     | <b>5,739</b>      | <b>5,359</b>     | <b>5,739</b>      | <b>5,359</b>     | <b>5,359</b>    |
| <b>11 Reserve excluding revaluation reserve</b>                             | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>-</b>         | <b>-3,451</b>   |
| <b>12 Earning per share (of Rs. 10/- each) (not annualised):</b>            |                  |                   |                  |                   |                  |                 |
| Basic                                                                       | (10.23)          | (9.63)            | (27.75)          | (27.11)           | (105.15)         | (12.30)         |
| Diluted                                                                     | (10.23)          | (9.63)            | (27.75)          | (27.16)           | (105.15)         | (12.30)         |
| <b>See accompanying note to the standalone financial results</b>            |                  |                   |                  |                   |                  |                 |

**Statement of Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2017**

- The above unaudited results for the quarter and nine months ended December 31, 2017 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on February 13, 2018 and these have been subjected to a Limited Review by the Statutory Auditor of the Company.
  - 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.
  - In respect of remuneration paid / payable to director(s) amounting to Rs. 121.87 lacs for the year ended March 31, 2017 (previous year as reported Rs. 76.80 lacs) and Rs. 208.05 lacs (Rs. 54.99 lacs for the quarter ended December 31, 2017 Rs. 153.06 lacs) during the nine months period ended December 31, 2017, the Company has obtained the shareholders' approval in the Annual General Meeting held on September 20, 2017 and is in the process to obtain approval from the Central Government to regularise the same in terms of section 197(3) read with Schedule V to the Companies Act, 2013.
- This matter was also qualified in the report for the quarter ended September 30, 2017 and by of the predecessor auditor in the report for the financial year ended March 31, 2017
- Project business is subject to quarter to quarter variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
  - Figures of the previous quarters / period / year have been regrouped / rearranged wherever considered necessary.



Kolkata  
February 13, 2018

**SRINIVASH SINGH**  
 MANAGING DIRECTOR