

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
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E mbe.corp@mbecl.co.in W www.mcnallybharat.com

May 29, 2018

Bombay Stock Exchange Limited
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

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. May 29, 2018, has approved the following :-

- i) Audited Consolidated Financial Results of the Company for the Quarter and Year ended March 31, 2018, and the Auditor's Report thereon in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Copy Attached).
- ii) Statement on Impact of Audit Qualifications of the Company for the Financial Year ended March 31, 2018. (Copy Attached).
- iii) Resignation of Mr Lalit Khetan, CFO of the Company.

The Board decided that in absence of profit for the current Financial year 2017-18, the Board of Directors could not recommend any dividend on Equity and / or Preference Shares for the year ended March 31, 2018.

Thanking you,

Yours faithfully,
For **McNally Bharat Engineering Company Limited**

Indranil Mitra
Company Secretary

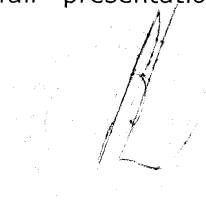
DELOITTE HASKINS & SELLS LLP
Chartered Accountants
13th and 14th Floor,
Building – Omega
Bengal Intelligent Park
Block – EP & GP
Sector V, Salt Lake City,
Kolkata - 700091
West Bengal, India.

V. SINGHI & ASSOCIATES
Chartered Accountants
Four Mangoe Lane
Surendra Mohan Ghosh Sarani,
Kolkata – 700001
West Bengal, India.

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
MCNALLY BHARAT ENGINEERING COMPANY LIMITED**

1. We have audited the accompanying Statement of Consolidated Financial Results of **Mcnally Bharat Engineering Company Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the loss of its joint venture for the year ended 31 March, 2018 ("the Statement"), being submitted by the Parent 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.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related standalone/consolidated financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder ("Ind AS") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.
3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit



procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion.

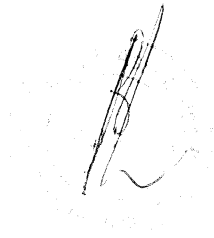
4. We draw attention to:

- 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.

- 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. 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.



5. In our opinion and to the best of our information and according to the explanations given to us, and based on the reports of the other auditors on separate financial statements and the other financial information of subsidiaries referred to in paragraphs 7 below, except for the effects of the matters described in paragraph 4 above, the Statement:

a. includes the results of the following entities:

List of Subsidiaries:

McNally Sayaji Engineering Limited;
Vedica Sanjeevani Projects Private Limited;
McNally Bharat Equipment Limited;
McNally Bharat Mineral Technologies Pte Ltd;
McNally Bharat Engineering (SA) Proprietary Limited; and
MBE Minerals Zambia Limited

List of Joint Venture:

EMC MBE Contracting Co. LLC.

b. is presented in accordance with the requirements 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; and

c. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss, Total comprehensive income and other financial information of the Group for the year ended 31 March 2018.

6. We did not audit the financial statements of three subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of Rs. 709.21 crores as at 31st March, 2018, total revenues of Rs. 224.75 crores, total net loss after tax of Rs. 93.44 crores and total comprehensive loss of Rs. 80.52 crores for the year ended on that date, as considered in the consolidated financial results whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

7. The consolidated financial results includes the unaudited financial information of three subsidiaries, whose financial information reflect total assets of Rs 35.39 crores crores as at 31 March 2018, total revenue of Rs. 12.02 crores, total net loss after tax of Rs. 17.69 crores and Total Comprehensive loss of Rs. 17.69 crores for the year ended 31 March 2018, as considered in the consolidated financial results. The consolidated financial results also includes the Group's share of loss after tax of Rs. 0.24 crores as considered in the consolidated financial results, in respect of one joint venture, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the



Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Management.

Deloitte Haskins & Sells LLP

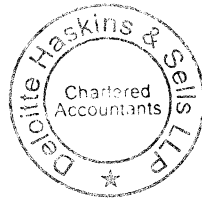
Firm Registration Number: 117366W/
W-100018
Chartered Accountants



A. Bhattacharya

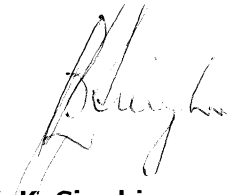
Partner

Membership No: 054110



V. Singhi & Associates

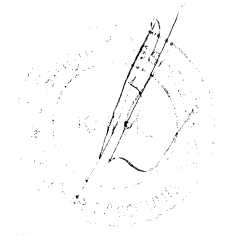
Firm Registration Number: 311017E
Chartered Accountants



V. K. Singhi

Partner

Membership No: 050051



Place: May 29, 2018
Date: Kolkata

McNALLY BHARAT ENGINEERING COMPANY LIMITED

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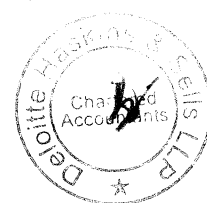
Regd. Office: 4 MANGO LANE, Kolkata 700 001

Web:www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 6628-1111

Statement of Consolidated Financial Results for the twelve months ended 31st March, 2018

	Rs in lacs unless otherwise stat	
	Twelve months ended	
	31 March 2018	31 March 20
	(Audited)	(Audited)
1 Revenue from operations		
(a) Net sales/ Income from operations	1,67,717.85	2,17,315.00
(b) Other operating income	1,069.20	2,860.00
Total income from operations	1,68,787.05	2,20,176.10
2 Other income	15,259.92	31,717.00
3 Total Income(1+2)	1,84,046.97	2,51,893.10
4 Expenses		
(a) Cost of materials consumed	95,407.62	1,54,867.80
(b) Purchase of stock-in-trade	2,530.00	3,512.00
(c) Changes in inventories	(5,978.99)	233.90
(d) Outsourcing expenses to job worker	45,007.10	53,502.10
(e) Excise duty	538.29	2,996.90
(f) Employee benefits expense	13,496.61	13,638.70
(g) Finance costs	55,545.28	43,231.00
(h) Depreciation and amortisation expense	3,103.98	4,533.70
(i) Other expenses	35,637.31	32,349.00
Total expenses	2,45,287.20	3,08,865.50
5 Profit/(Loss) before tax (3-4)	(61,240.23)	(56,972.30)
6 Tax expenses:		
(a) Current tax	-	(10,809.50)
(b) Deferred tax	(14,656.09)	(41,348.00)
7 Profit/(Loss) for the period (5-6)	(46,584.14)	(4,814.80)
8 Share of Net Profit/(Loss) of associate and joint venture	(437.64)	(274.70)
9 Share of Net Profit/(Loss) of Minority Interest	(916.02)	(594.20)
10 Net Profit/(Loss) after taxes, minority interest, and share of profit/(loss) of associates (7+8+9)	(47,937.80)	(5,683.80)
11 Other comprehensive income		
(a) Items that will not be reclassified to profit or loss	(59.07)	(89.57)
Total other comprehensive income (net of income tax)	(59.07)	(89.57)
12 Total comprehensive income for the period (10+11)	(47,996.87)	(5,773.39)
13 Reserves including Revaluation Reserves	(12,666.98)	(3,824.26)
14 Paid up equity share capital (Face value of the share Rs.10 each)	15,804.46	5,359.38
15 Earning per share (EPS) for the period (Face value of Rs. 10/- per share):		
Basic (Rs.)	(33.96)	(12.11)
Diluted (Rs.)	(33.96)	(12.11)

Also refer accompanying notes to the financial results



McNALLY BHARAT ENGINEERING COMPANY LIMITED

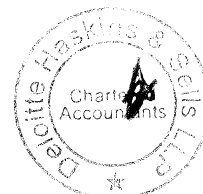
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Statement of Consolidated Financial Results for the twelve months ended 31st March, 2018

Particulars	Rs in lacs unless otherwise stated	
	As at 31st March 2018 (Audited)	As at 31st March 2017 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	19,989.78	22,811.92
Capital work-in-progress	479.48	404.69
Goodwill	15,520.01	15,623.27
Other Intangible assets	85.18	85.19
Investment Properties	378.00	-
Investment in Associate and Joint Venture	1,286.95	1,405.41
Financial assets		
i. Investments	319.01	740.95
ii. Trade receivables	1,766.00	12,840.77
iii. Loans	-	2,910.35
iv. Other financial assets	1,089.39	861.89
Deferred tax assets (net)	56,807.60	42,298.10
Other non-current assets	235.06	197.22
Total non-current assets	97,956.46	1,00,179.76
Current assets		
Inventories	41,755.62	33,735.21
Financial assets		
i. Trade receivables	1,79,740.84	1,75,533.10
ii. Cash and cash equivalents	9,844.42	9,250.99
iii. Bank balances other than cash and cash equivalents above	2,669.23	2,281.40
iv. Loans	1,715.34	1,611.02
v. Other financial assets	1,46,722.71	1,49,921.43
Current tax assets(net)	11,830.80	12,000.41
Other current assets	41,119.55	63,711.72
Total current assets	4,35,398.51	4,48,045.28
Total assets	5,33,354.97	5,48,225.04
EQUITY AND LIABILITIES		
Equity		
Equity share capital	15,804.46	5,359.38
Other equity		
Compulsorily Convertible preference share	5,352.62	8,328.79
Money received against share warrants	100.00	-
Reserves and surplus	(12,668.11)	(3,824.26)
Equity attributable to owners of McNally Bharat Engineering Company Limited	8,588.97	9,863.91
Non-controlling interests	3,196.04	3,571.74
Total equity	11,785.01	13,435.65
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
i. Borrowings	6,807.20	16,785.00
ii. Trade payables	19.00	53.00
ii. Other financial liabilities	365.63	610.09
Provisions	899.33	900.19
Other non-current liabilities	368.00	349.84
Total non-current liabilities	8,459.16	18,698.12
Current liabilities		
Financial Liabilities		
i. Borrowings	3,20,241.47	2,62,660.34
ii. Trade payables	95,437.12	1,40,433.65
iii. Other financial liabilities	32,143.84	45,855.78
iv. Other current liabilities	64,672.84	65,923.21
Provisions	615.36	1,193.53
Current tax liabilities (Net)	0.17	24.76
Total current liabilities	5,13,110.80	5,16,091.27
Total liabilities	5,21,569.96	5,34,789.39
Total equity and liabilities	5,33,354.97	5,48,225.04



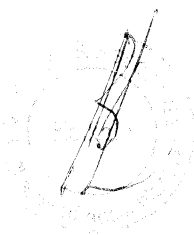
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Statement of Consolidated Financial Results for the twelve months ended 31st March, 2018

- 1 The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2018.
- 2 The Group is primarily engaged in the business of construction and hence no separate disclosure has been made for Segment Reporting per Ind AS 108.
- 3 In respect of remuneration paid / payable amounting to Rs. 40.82 lacs (Rs. Nil for the quarter ended March 31, 2018) for the financial year ended March 31, 2018 (Previous year as reported Rs. 76.80 lacs) to erstwhile one whole time director, the Company has obtained the shareholders' approval in the Annual General Meeting held on September 29, 2016 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 by statutory auditor of the Company in their review report for the quarter and nine months ended December 31, 2017 and by the predecessor statutory auditor in their audit report for the financial year ended March 31, 2017.
- 4 In respect of remuneration paid / payable amounting to Rs. 220.03 lacs (Rs. 55.06 lacs for the quarter ended March 31, 2018) to the managing director for the financial year ended March 31, 2018 and Rs. 214.63 lacs to two erstwhile whole time directors for the financial year ended March 31, 2017, the Company has obtained the shareholders' approval in the Annual General Meeting held on September 20, 2017 and September 29, 2016 respectively. The Company has also filed applications 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.
- 5 With respect to qualification in the Audit report for the year ended March 31, 2017 in respect of Outstanding amount of Rs. 7,180 lacs which stood as receivable as on March 31, 2017 from MBE Mineral Technologies Pte Ltd (MBE Singapore). The amount has been received in full during the current financial year. Investment of Rs. 2,550.74 lacs in MBE Mineral Technologies Pte Ltd Singapore is considered good and recoverable in the view of the Management.
- 6 During the quarter ended March 31, 2018, the Company had issued 32,170,000 equity shares, 55,819,000 Compulsorily Convertible Preference Shares ('CCPS') and 4,000,000 Share Warrants (25% of issue received) of face value of Rs. 10/- at a premium of Rs. 52/- each on a preferential allotment basis.
- 7 MBE Minerals Technology Pte Ltd (MBEMT), a fully owned subsidiary of McNally Bharat Engineering Company Limited (MBECL), sold its entire 99% stake in MBE EWB Kft to MBE CMT Gmbh, its associate company, for USD 2.1 million. 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. The management feels that MBE Mineral Technologies Pte Ltd. would be able to recover its full due towards sale consideration for MBE EWB Kft from MBE CMT Gmbh within the extended period viz. 30th September, 2018.
- 8 During the year, one of the subsidiaries viz. McNally Bharat Engineering (SA) Proprietary Limited has been voluntarily deregistered on 30 June, 2017 by Companies and Intellectual Property Commission (CIPC), South Africa.
- 9 M/s. V. Singhi & Associates, Chartered Accountants has been appointed as Joint Statutory Auditors of the company in the Extra-Ordinary General Meeting held on March 15, 2018 to hold office till the conclusion of next Annual General Meeting.
- 10 The Financial results for the year ended March 31, 2017 have been audited by Lovelock & Leves, the predecessor auditor.
- 11 Figures for the previous period have been regrouped / rearranged wherever considered necessary.

Place: Kolkata
Date: 29 May, 2018


SRINIVASH SINGH
MANAGING DIRECTOR
(DIN: 00789624)




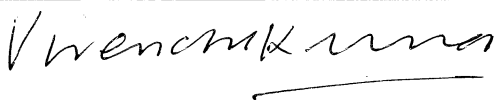
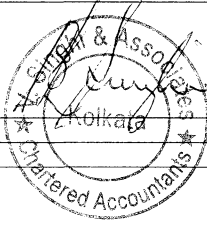

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Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018

[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:	<p>(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.</p> <p>(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.</p> <p>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.</p> <p>Pending Central Government approval we are unable to comment on the consequential effect of the above matters on this Statement.</p>	
	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		