

McNALLY SAYAJI ENGINEERING LIMITED

CIN No : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com, Phone Number : 033-66282239

Registered & Corporate Office - Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156

Statement of Standalone Unaudited Financial Results For The Quarter Ended 30th June, 2019

PARTICULARS	Quarter Ended			Rupees in Lakhs
	30th June, 2019	30th June, 2018	31st March, 2019	Year Ended 31st March, 2019
	Unaudited	Unaudited	Audited	Audited
1 (a) Revenue from operations	3,493.16	6,029.55	6,217.00	21,856.85
(b) Other income	129.23	67.66	(123.00)	1,023.37
Total Income	3,622.39	6,098.21	6,094.00	22,880.22
2 Expenses				
a) Cost of materials consumed	1,853.05	2,366.34	2,546.00	8,777.78
b) Purchases of stock-in-trade	-	728.84	1,000.00	2,411.32
c) Changes in inventories of work-in-progress and finished goods	(121.76)	319.66	421.00	1,413.71
d) Employee benefit expense	625.83	680.29	641.00	2,713.59
e) Depreciation and amortisation expense	233.11	394.73	274.00	1,246.74
f) Other expenses	1,003.17	1,216.01	1,496.00	4,792.91
g) Finance costs	292.13	835.09	828.00	3,338.46
Total expenses (a to g)	3,885.53	6,540.96	7,206.00	24,694.51
3 Profit/(Loss) before tax and exceptional items (1-2)	(263.14)	(442.75)	(1,112.00)	(1,814.29)
4 Exceptional items [Refer Note 5]	-	-	(2,591.00)	(2,591.00)
5 Profit/(Loss) before tax (3-4)	(263.14)	(442.75)	(3,703.00)	(4,405.29)
6 Tax expense				
a) Current tax	-	-	-	-
b) Deferred tax Charge/(Credit)	-	(75.00)	(781.12)	(1,150.12)
Total tax expenses (a to b)	-	(75.00)	(781.12)	(1,150.12)
7 Profit / (Loss) for the period (5 +/-6)	(263.14)	(367.75)	(2,921.88)	(3,255.17)
8 Other comprehensive income				
Items that will not be reclassified to profit or loss				
a) Remeasurements of post-employment benefit obligations	(28.73)	10.00	(156.92)	(114.92)
b) Income tax relating to these items	-	-	43.20	29.88
Total other comprehensive income, net of income tax	(28.73)	10.00	(113.72)	(85.04)
8 Total comprehensive income for the period (7+/- 8)	(291.87)	(357.75)	(3,035.60)	(3,340.21)
9 Paid up Equity Share Capital (Face value Rs.10/- per share)				1,259.00
10 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)				
Basic and Diluted	(2.09)	(3.41)	(23.22)	(27.30)
11 Reserves, excluding revaluation reserve				7,764.08

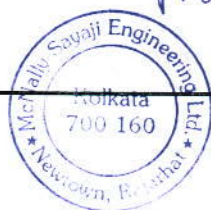


NOTES:

- 1 The Company is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decision maker, the Company's operation comprises of only one reporting segment, accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".
- 2 The Company has adopted Ind AS 116 "Leases", effective annual reporting period beginning 1st April, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1st April, 2019). The effect of this adoption did not have any significant impact to the financial results of the Company.
- 3 The company's financial performance have been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control due to which the company has not been able to meet its financial commitments /covenants to lenders. The Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Company has initiated various processes as specified under the banking guidelines and most of these processes have been completed. On the basis of these developments, the Company is hopeful that the restructuring proposal of the company will be approved shortly. Additionally, the company is taking various measures, including cost control, which shall improve its operational efficiencies. The management is confident that with lenders support on the Resolution and various other measures, the company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence financial results have been prepared on a going concern basis.
- 4 The Company has issued a corporate guarantee in favour of the lenders of the holding company, McNally Bharat Engineering Company Ltd. to the extent of value of fixed assets at Kumardhubi Unit-1 having a book value of Rs 561 lakhs. The auditors of the holding company has expressed material uncertainty towards going concern of the holding company which is under going a debt restructuring plan. Since the resolution plan of the holding company is at advanced stage, no provision has been considered in the financial results of the Company.
- 5 The majority of the lenders have stopped charging interest on its debts, since the debts to the Company have been categorised as Non- Performing Asset by the lenders. Consequently, the Company has not provided for interest amounting to Rs 555.58 lakhs which have accrued on its debts for the quarter ended 30th June, 2019.
- 6 The Company has recognised deferred tax assets of Rs 5,397 lakhs upto 31st March, 2019. The company is undergoing debt restructuring and have made out a resolution plan based on a techno-economic viability study conducted by an independent agency appointed by its lenders. Based on the aforesaid study and the future profitability projections there-in, the management believes that there will be adequate future taxable profits available against which existing deferred tax assets can be utilised. The company has not created any further deferred tax asset during the quarter ended 30th June, 2019 on prudent basis.
- 7 The figures for the three months ended 31st March, 2019 is the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2019 and the unaudited published year to date figures for the three months ended 31st December, 2018 which were review by the erstwhile Statutory Auditors of the Company.
- 8 Figures for the previous period have been regrouped / rearranged, wherever necessary.
- 9 This statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th August, 2019 and Limited Review of the same has been carried out by the Statutory Auditors of the Company.

Place : Kolkata

Dated : 14th August, 2019



Pradip Kumar Tibdewal

Pradip Kumar Tibdewal
Wholetime Director



Independent Auditors' Review Report on the Unaudited Standalone Financial Results for the quarter ended 30th June, 2019

**To The Board of Directors
MCNALLY SAYAJI ENGINEERING LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Company") for the quarter ended June 30, 2019 ("the statement") being submitted by the Company pursuant to the regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, is prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, 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.
3. 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



4. Basis for Qualified Conclusion

Due to non-provision of the interest expense of Rs. 555.38 Lakhs as referred in Note 5 of the statement, the Finance Costs for the quarter ended 30th June, 2019 is understated by Rs 555.38 Lakhs and total comprehensive loss to that extent.

5. Based on our review conducted as stated above, except for the matters described in the Basis for Qualified Conclusion paragraph above, nothing has come to our attention that causes to believe that the 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 amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular") including the manner in which is to be disclosed, or that the Statement may contain any material misstatements.

6. (i) Material uncertainty related to Going Concern

We draw attention to Note 3 of the statement, the Company has incurred net loss of Rs. 291.87 Lakhs during the quarter ended June 30, 2019 and unable to discharge its obligations for repayment of loans. The Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal and hopeful that restructuring proposal will be approved shortly. These events and conditions indicate a material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Accordingly, this statement has been prepared on going concern basis based on the management assessment of the successful outcome of the restructuring proposal.

This matter was also reported by erstwhile Statutory Auditors in their Audit Report for the financial year ended March 31, 2019.



(ii) Recognition of Deferred Tax Assets

We draw attention to Note 6 of the Statement, the Company had recognised deferred tax assets of Rs 5,397 lakhs upto 31st March, 2019 on the assumption that there will be adequate future taxable profits against which the deferred tax assets recognised can be utilised. However, no deferred tax asset has been recognized by the Company for the quarter ended 30th June, 2019 on prudent basis.

(iii) Corporate Guarantee

The Company had issued a corporate guarantee in favour of the lenders of the holding company, McNally Bharat Engineering Company Limited to the extent of value of fixed assets at Kumardubi Unit-1 having a book value of Rs 561 Lakhs. The Joint Statutory Auditors of the Holding Company in the Report for the year ended 31st March, 2019 had expressed material uncertainty related to Going Concern of the Holding Company which is undergoing a debt restructuring plan, provision against the said guarantee in the Statement has not been considered necessary by the management during the quarter ended 30th June, 2019.

Our conclusion is not modified in respect of the above matters.

Place: Kolkata
Date: 14th August, 2019



For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 311017E


(V. K. SINGHI)
Partner

Membership No. 050051
UDIN:19050051AAAADW7518

McNALLY SAYAJI ENGINEERING LIMITED

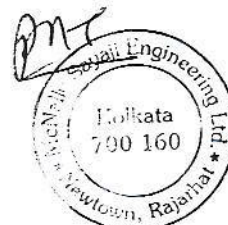
CIN No : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com

Registered & Corporate Office - Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156

Statement of Consolidated Unaudited Financial Results For The Quarter Ended 30th June, 2019

Rupees in Lakhs

PARTICULARS	Quarter Ended			Year Ended
	30th June, 2019	30th June, 2018	31st March, 2019	31st March, 2019
	Unaudited	Unaudited	Audited	Audited
1 (a) Revenue from operations	4,499.04	6,519.67	7,214.29	24,581.57
(b) Other income	366.20	161.73	(13.85)	1,415.19
Total Income	4,865.24	6,681.40	7,200.44	25,996.76
2 Expenses				
a) Cost of materials consumed	2,406.95	2,366.34	2,541.03	8,772.03
b) Purchases of stock-in-trade	-	891.16	1,631.37	3,556.01
c) Changes in inventories of work-in-progress and finished goods	(121.76)	328.66	382.94	1,449.83
d) Employee benefit expense	805.01	875.61	820.64	3,482.51
e) Depreciation and amortisation expense	236.89	398.78	277.78	1,262.65
f) Other expenses	1,268.81	1,429.54	1,969.28	6,075.24
g) Finance costs	374.44	913.01	907.23	3,685.62
Total expenses (a to g)	4,970.34	7,203.10	8,530.27	28,283.89
3 Profit/(Loss) before tax and exceptional items (1-2)	(105.10)	(521.71)	(1,329.83)	(2,287.13)
4 Exceptional items	-	-	(2,591.00)	(2,591.00)
5 Profit/(Loss) before tax (3-4)	(105.10)	(521.71)	(3,920.83)	(4,878.13)
6 Tax expense				
a) Current tax	-	-	-	-
b) Deferred tax Charge/(Credit)	-	88.12	(851.50)	(1,101.97)
Total tax expenses (a to b)	-	88.12	(851.50)	(1,101.97)
7 Profit / (Loss) for the period (5 +/-6)	(105.10)	(609.82)	(3,069.33)	(3,776.16)
8 Other comprehensive income				
Items that will not be reclassified to profit or loss				
a) Remeasurements of post-employment benefit obligations	(29.94)	8.78	(158.14)	(119.81)
b) Income tax relating to these items	0.32	0.32	43.20	31.15
Total other comprehensive income, net of income tax	(29.63)	9.09	(114.95)	(88.66)
9 Total comprehensive income for the period (6 +/- 7)	(134.73)	(600.73)	(3,184.28)	(3,864.82)
10 Paid up Equity Share Capital (Face value Rs.10/- per share)				1,259.00
11 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)				
Basic and Diluted	(0.83)	(5.65)	(24.38)	(31.67)
12 Reserves, excluding revaluation reserve				5,312.00



NOTES:

- 1 The Group is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating Decison Maker, the Group's operation comprises of only one reporting segment, accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".
- 2 The Group has adopted Ind AS 116 "Leases", effective annual reporting period beginning 1st April, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1st April, 2019). The effect of this adoption did not have any significant impact to the financial results of the Group.
- 3 The Parent Company's financial performance have been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Parent Company's control due to which the Parent Company has not been able to meet its financial commitments /covenants to lenders. The Parent Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside the National Company Law Tribunal. The Parent Company has initiated various processes as specified under the banking guidelines and most of these processes have been completed. On the basis of these developments, the Parent Company is hopeful that the restructuring proposal of the Parent Company will be approved shortly. Additionally, the Parent Company is taking various measures, including cost control, which shall improve its operational efficiencies. The management of the Parent Company is confident that with lenders support on the Resolution and various other measures, the Parent Company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence financial results have been prepared on a going concern basis.
- 4 The Parent Company has issued a corporate guarantee in favour of the lenders of the holding company, McNally Bharat Engineering Company Ltd. to the extent of value of fixed assets at Kumardhubi Unit-1 having a book value of Rs 561 lakhs. The auditors of the holding company has expressed material uncertainty towards going concern of the holding company which is under going a debt restructuring plan. Since the resolution plan of the holding company is at advanced stage, no provision has been considered in the financial results of the Group.
- 5 The majority of the lenders of the Parent Company have stopped charging interest on its debts, since the debts to the Parent Company have been categorised as Non- Performing Asset by the lenders. Consequently, the Parent Company has not provided for interest amounting to Rs 555.58 lakhs which have accrued on its debts for the quarter ended 30th June, 2019.
- 6 The Group has recognised deferred tax assets of Rs 6,234 lakhs upto 31st March, 2019. The Parent Company is undergoing debt restructuring and have made out a resolution plan based on a techno-economic viability study conducted by an independent agency appointed by its lenders. Based on the aforesaid study and the future profitability projections there-in, the management believes that there will be adequate future taxable profits available against which existing deferred tax assets can be utilised. The Group has not created any further deferred tax asset during the quarter ended 30th June, 2019 on prudent basis.
- 7 Figures for the previous period have been regrouped / rearranged, wherever necessary.
- 8 This statement has been reviewed by the Audit Committee and approved by the Board of Directors of the Parent Company at its meeting held on 14th August, 2019 and Limited Review of the same has been carried out by the Statutory Auditors of the Parent Company.

Place : Kolkata

Dated : 14th August, 2019



Pradip Kumar Tibdewal

Pradip Kumar Tibdewal
Wholetime Director



Independent Auditors' Review Report on the Unaudited Consolidated Financial Results for the quarter ended 30th June, 2019

To The Board of Directors
MCNALLY SAYAJI ENGINEERING LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **McNALLY SAYAJI ENGINEERING LIMITED** ("the Parent Company") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), for the quarter ended June 30, 2019 ("the Statement"), being submitted by the Parent Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Parent Company's Management and approved by the Parent Company's Board of Directors, is prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, 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.
3. 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



4. **Basis for Qualified Conclusion**

Due to non-provision of the interest expense by the Parent Company of Rs. 555.38 Lakhs as referred in Note 5 of the statement, the Finance Costs for the quarter ended 30th June, 2019 is understated by Rs 555.38 Lakhs and total comprehensive loss to that extent.

5. Based on our review conducted as stated above, except for the matters described in the Basis for Qualified Conclusion paragraph above, nothing has come to our attention that causes to believe that the 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 amended ("the Regulation") read with SEBI Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 ("the Circular") including the manner in which is to be disclosed, or that the Statement may contain any material misstatements.
6. The Statement includes the results of MBE Coal & Mineral Technology India Private Limited, a wholly owned subsidiary of the Parent Company.
7. We draw attention to the following matters:
 - (i) Material uncertainty related to Going Concern

We draw attention to note 3 of the statement, the Group has incurred net loss of Rs. 134.73 Lakhs during the quarter ended June 30, 2019 and the Parent Company was unable to discharge its obligations for repayment of loans. The Parent Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal and hopeful that restructuring proposal will be approved shortly. These events and conditions indicate a material uncertainty which cast a significant doubt on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Group to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Accordingly, this statement has been prepared on going concern basis based on the management assessment of the successful outcome of the restructuring proposal.

This matter was also reported by erstwhile Statutory Auditors in their Audit Report for the financial year ended March 31, 2019.

(ii) Recognition of Deferred Tax Assets

We draw attention to Note 6 of the Statement, the Group had recognised deferred tax assets of Rs 6,234 lakhs upto 31st March, 2019 on the assumption that there will be adequate future taxable profits against which the deferred tax assets recognised can be utilised. However, no deferred tax asset has been recognized by the Group for the quarter ended 30th June, 2019 on prudent basis.



(iii) Corporate Guarantee

The Parent Company had issued a corporate guarantee in favour of the lenders of the holding company, McNally Bharat Engineering Company Limited to the extent of value of fixed assets at Kumardubi Unit-1 having a book value of Rs 561 Lakhs. The Joint Statutory Auditors of the Holding Company in the Report for the year ended 31st March, 2019 had expressed a material uncertainty related to Going Concern of the Holding Company which is undergoing a debt restructuring plan, provision against the said guarantee in the Statement has not been considered necessary by the Parent Company's management during the quarter ended 30th June, 2019.

Our conclusion is not modified in respect of the above matters.

8. We did not review the financial information of 1 subsidiary included in the Statement whose financial information, reflect total revenue of Rs. 1,268.01 Lakhs and total comprehensive income of Rs. 157.14 Lakhs as considered in the statement for the quarter ended 30th June, 2019. These Financial Information have been certified by the management of the respective company and provided to us by the Parent Company's Management. According to the information and explanations given to us by the Parent Company's Management, these financial information are not material to the Group.

Our conclusion is not modified in respect of the above matter.

Place: Kolkata
Date: 14th August, 2019



For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration No.: 311017E


(V. K. SINGHI)
Partner

Membership No. 050051
UDIN: 19050051AAAADX3510