

**MCNALLY SAYAJI ENGINEERING LIMITED**

CIN: L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com

Regd. Office- Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700160 Phone No : 913330142280

**Statement of Unaudited Standalone Financial Results For The Quarter and Six Months Ended 30th September, 2019**

PARTICULARS	Rupees in Lakhs					
	Quarter Ended			Half Year Ended		Year Ended
	30-09-2019	30-06-2019	30-09-2018	30-09-2019	30-09-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from operations	4,541	3,493	5,344	8,034	11,374	21,857
(b) Other income	8	129	612	137	680	1,023
<b>Total Income</b>	<b>4,549</b>	<b>3,622</b>	<b>5,956</b>	<b>8,171</b>	<b>12,054</b>	<b>22,880</b>
2 <b>Expenses</b>						
a) Cost of materials consumed	2,222	1,853	1,640	4,075	4,006	8,777
b) Purchases of stock-in-trade	--	--	682	--	1,411	2,411
c) Changes in inventories of work-in-progress and finished goods	586	(122)	435	464	755	1,414
d) Employee benefits expense	758	626	699	1,384	1,379	2,714
e) Finance costs	49	292	887	341	1,722	3,338
f) Depreciation and amortisation expense	242	233	305	475	700	1,247
g) Other expenses	993	1,003	1,104	1,996	2,320	4,793
<b>Total expenses (a to g)</b>	<b>4,850</b>	<b>3,885</b>	<b>5,752</b>	<b>8,735</b>	<b>12,293</b>	<b>24,694</b>
3 <b>Profit/(Loss) before tax and exceptional items (1-2)</b>	(301)	(263)	204	(564)	(239)	(1,814)
4 <b>Exceptional items</b>	--	--	--	--	--	(2,591)
5 <b>Profit/(Loss) before tax (3-4)</b>	(301)	(263)	204	(564)	(239)	(4,405)
6 <b>Tax expense</b>						
a) Current tax	--	--	--	--	--	--
b) Deferred tax Charge/(Credit)	--	--	28	--	(47)	(1,150)
<b>Total tax expenses</b>	--	--	28	--	(47)	(1,150)
7 <b>Profit / (Loss) for the period/year (4 +/-5)</b>	(301)	(263)	176	(564)	(192)	(3,255)
8 <b>Other Comprehensive Income</b>						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	(29)	(29)	11	(58)	21	(115)
b) Income tax relating to these items	--	--	--	--	--	30
<b>Total other comprehensive income, net of income tax</b>	(29)	(29)	11	(58)	21	(85)
9 <b>Total Comprehensive Income for the period (6 +/- 7)</b>	(330)	(292)	187	(622)	(171)	(3,340)
10 <b>Paid up Equity Share Capital (Face value Rs.10/- per share)</b>						1,259
11 <b>Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)</b>						
Basic and Diluted	(2.39)	(2.09)	1.40	(4.48)	(1.71)	(27.30)
12 <b>Reserves, excluding revaluation reserve</b>						7,764

Also refer to the accompanying notes



Pradeep Kumar Thakur  
 McNally Sayaji Engineering  
 Kolkata  
 700160  
 Newtown, Rajarhat

McNally Sayaji Engineering Limited		Rupees in Lakhs	
Standalone Statement of Assets and Liabilities			
PARTICULARS	As at		
	30-09-2019	31-03-2019	
	Unaudited	Audited	
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	13,091	13,555	
Capital work-in-progress	24	24	
Investment property	364	364	
Other intangible assets	*	*	
<b>Financial Assets</b>			
Investments	2,700	2,700	
Trade receivables	542	644	
Other financial assets			
Deferred tax assets	5,397	5,397	
Other non-current assets	173	138	
<b>Total non-current assets</b>	<b>22,291</b>	<b>22,822</b>	
<b>Current assets</b>			
Inventories	9,707	10,018	
<b>Financial assets</b>			
Trade receivables	7,742	7,414	
Cash and cash equivalents	375	316	
Bank balances other than above	212	271	
Other financial assets		-	
Current tax assets (net)	305	292	
Other current assets	1,063	1,061	
<b>Total current assets</b>	<b>19,404</b>	<b>19,372</b>	
<b>Total Assets</b>	<b>41,695</b>	<b>42,194</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	1,259	1,259	
Other Equity	7,138	7,764	
<b>Total Equity</b>	<b>8,397</b>	<b>9,023</b>	
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	3,813	4,564	
Provisions	238	163	
<b>Total non-current liabilities</b>	<b>4,051</b>	<b>4,727</b>	
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	15,382	14,902	
Trade payables			
A Total outstanding dues of Micro Enterprises and Small Enterprises	17	21	
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,867	5,839	
Other financial liabilities	4,801	3,379	
Provisions	386	378	
Other current liabilities	3,794	3,925	
<b>Total current liabilities</b>	<b>29,247</b>	<b>28,444</b>	
<b>Total liabilities</b>	<b>33,298</b>	<b>33,171</b>	
<b>Total equity and liabilities</b>	<b>41,695</b>	<b>42,194</b>	

\* amount is below rounding off norm adopted by the Company



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## McNally Sayaji Engineering Limited

Standalone Statement of Cash Flows for the year ended 30th September, 2019

Rupees in Lakhs

PARTICULARS	Half Year ended 30 Sept 2019	Half Year ended 30 Sept 2018
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>(564)</b>	<b>(239)</b>
<b>Adjustments for :-</b>		
Depreciation and Amortisation	476	700
Loss / (Gain) on Sale of Property, Plant and Equipment (Net)	-	(3)
Interest income	(16)	(11)
Finance costs	342	1,722
Provision for bad and doubtful trade receivables	76	-
Bad Debts written off	-	6
Advances written off	3	-
Liabilities no longer required written back	(73)	(4)
Provision no longer required written back	-	(199)
Provision for Non Moving Item	-	1
Net exchange differences	1	1
Interest Income on unwinding of revenue	(22)	(39)
Deferred Retention Income	12	18
<b>Cash flow from operating activities before change in operating assets and liabilities</b>	<b>234</b>	<b>1,952</b>
Decrease / (Increase) in trade and Other Receivables	(333)	(243)
Decrease / (Increase) in inventories	310	305
Increase / (Decrease) in Trade and Other Payables	(339)	1,141
<b>Cash generated from operations</b>	<b>(128)</b>	<b>3,155</b>
Income taxes (paid) / received	(13)	(5)
<b>Net cash inflow from operating activities</b>	<b>(141)</b>	<b>3,150</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13)	(9)
Proceeds from sale of property, plant and equipment	-	3
Interest received	16	11
Fixed deposits matured/(placed)	59	(69)
<b>Net cash inflow (outflow) from investing activities</b>	<b>62</b>	<b>(64)</b>
<b>Cash flows from financing activities</b>		
Procurement/(Repayment) of Borrowings	(10)	(1,544)
Interest paid	(342)	(1,722)
Net increase in Cash Credit Facilities including WCDL	489	177
<b>Net cash outflow from financing activities</b>	<b>137</b>	<b>(3,089)</b>
Net increase (decrease) in cash and cash equivalents	<b>58</b>	<b>(3)</b>
Cash and cash equivalents at opening of the period	316	330
Cash and cash equivalents at end of the period	375	327



Pradeep Kumar Choudhary



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 and various other stakeholders. The Company has submitted its Resolution Plan and the Lenders are actively considering the solution process outside National Company Law Tribunal. The Lenders have initiated various processes in this respect as specified under Reserve Bank of India's guidelines (vide the RBI circular dated 7th June, 2019) and most of these processes have been completed. As on the date of reporting, the company has signed two non-binding Memorandum of Understanding (MoU) with investors for infusion of funds into the company which is subject to due diligence and other terms and conditions including approval of the Resolution plan. Based on the aforesaid positive developments, the Management of the company is hopeful that with the support of new investors and the Lenders and approval on the Resolution Plan, the company expects to generate sufficient cash flows through profitable operations to discharge its short term and long term liabilities. Hence, the Board has decided to prepare the financial results for the six months ended 30th September, 2019 on a going concern basis.
- 4 The Company has issued a corporate guarantee in favour of the lender banks of the parent company, McNally Bharat Engineering Company Limited to the extent of value of fixed assets at Kumardhubi Unit-1 having a book value of Rs. 561 lakhs. The auditors of the Parent Company have expressed material uncertainty towards going concern of the Parent Company which is under going a debt restructuring plan. Since the resolution plan of the parent company is at advanced stage, no provision has been considered in the financial results of the Company.
- 5 Majority of the lender banks 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 1,449 lakhs which have accrued on its bank borrowings and inter-corporate borrowings during the six months ended 30th September, 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 has 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. However, the company has not created any further deferred tax assets during the six months ended 30th September, 2019 taking a conservative approach.
- 7 This statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th November, 2019 and Limited Review of the same has been carried out by the statutory auditors of the Company.
- 8 The Standalone Cash Flow Statement for the previous six months ended 30th September, 2018 has been approved by the Board of Directors of the Company but were not subjected to review by the Statutory Auditors of the Company.
- 9 Figures for the previous period have been regrouped / rearranged, wherever necessary.

*Pradip Kumar Tibdewal*

Place : Kolkata  
Dated : 14th November, 2019

Pradip Kumar Tibdewal  
Wholetime Director



**Independent Auditors' Review Report on the Unaudited Standalone Financial Results for the quarter and six months ended 30<sup>th</sup> September, 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 and six months ended 30<sup>th</sup> September, 2019 ("the statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. 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. Basis for Qualified Conclusion**

Due to non-provision of the interest expense of Rs. 1,449 Lakhs on bank borrowings and inter-corporate borrowings as referred in Note 5 of the statement, Finance Costs for the six months ended 30<sup>th</sup> September, 2019 is understated by Rs. 1,449 Lakhs, liability on account of interest is understated by Rs. 1,449 Lakhs and total comprehensive loss to that extent.

4. Based on our review conducted as stated in Paragraph 2 above, except for the matter described in the Basis for Qualified Conclusion Paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with applicable Indian Accounting Standards and other recognised accounting practices and policies 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, including the manner in which it is to be disclosed, or that it contains any material misstatement.





## 5. Emphasis of Matters

### (i) Material uncertainty related to Going Concern

We draw attention to Note 3 of the statement, the Company has incurred net loss of Rs. 564 Lakhs during the six months ended 30<sup>th</sup> September, 2019 and has been 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 may 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.

### (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 expecting adequate future taxable profits against which the deferred tax assets recognised can be utilised. However, no deferred tax assets have been recognized by the Company for the six months ended 30th September, 2019 on prudent basis.

### (iii) Corporate Guarantee issued by the Company

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 31<sup>st</sup> March, 2019 had expressed material uncertainty related to Going Concern 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 six months ended 30<sup>th</sup> September, 2019.

Our conclusion is not modified in respect of these matters.



6. The financial results for the six months ended 30<sup>th</sup> September, 2018 were reviewed by the predecessor auditors and unmodified opinion was expressed vide their review report dated 14<sup>th</sup> November, 2018. The financial statements for the year ended 31<sup>st</sup> March, 2019 were audited by the predecessor auditors and modified opinion was expressed vide their audit report dated 30<sup>th</sup> May, 2019.

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

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



**(V. K. SINGHI)**  
**Partner**

**Membership No. 050051**  
**UDIN:19050051AAAKH7651**

**Place:** Kolkata  
**Date:** 14<sup>th</sup> November, 2019

MCNALLY SAYAJI ENGINEERING LIMITED

CIN : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com

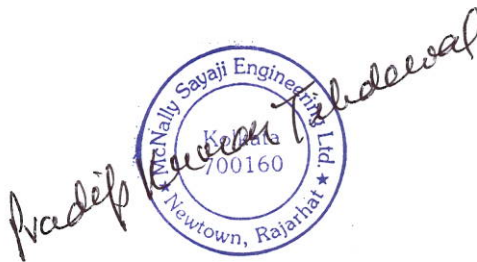
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Statement of Unaudited Consolidated Financial Results For The Quarter and Six Months Ended 30th September, 2019

Figures in Lakhs

PARTICULARS	Quarter Ended			Half Year Ended		Year Ended
	30-09-2019	30-06-2019	30-09-2018	30-09-2019	30-09-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from operations	5,516	4,499	5,992	10,015	12,512	24,581
(b) Other income	81	366	706	447	869	1,416
<b>Total Income</b>	<b>5,597</b>	<b>4,865</b>	<b>6,700</b>	<b>10,462</b>	<b>13,381</b>	<b>25,997</b>
2 Expenses	2,612	2,407	1,902	5,019	4,440	9,958
a) Cost of materials consumed	--	--	--	--	1,411	2,406
b) Purchases of stock-in-trade	586	(122)	435	464	755	1,414
c) Changes in inventories of work-in-progress and finished goods	975	805	898	1,780	1,773	3,482
d) Employee benefits expense	130	374	982	504	1,895	3,686
e) Finance costs	246	237	309	483	708	1,262
f) Depreciation and amortisation expense	1,332	1,269	1,353	2,601	2,783	6,076
g) Other expenses	--	--	--	--	--	--
<b>Total expenses (a to g)</b>	<b>5,881</b>	<b>4,970</b>	<b>5,879</b>	<b>10,851</b>	<b>13,765</b>	<b>28,284</b>
3 Profit/(Loss) before tax and exceptional items (1-2)	(284)	(105)	821	(389)	(384)	(2,287)
4 Exceptional items	--	--	--	--	--	(2,591)
5 Profit/(Loss) before tax (3-4)	(284)	(105)	821	(389)	(384)	(4,878)
6 Tax expense	(25)	--	--	(25)	--	--
a) Current tax	--	--	14	--	102	(1,102)
b) Deferred tax Charge/(Credit)	(25)	--	14	(25)	102	(1,102)
<b>Total tax expenses (a to b)</b>	<b>(25)</b>	<b>--</b>	<b>14</b>	<b>(25)</b>	<b>102</b>	<b>(1,102)</b>
7 Profit / (Loss) for the period/year (4 +/-5)	(259)	(105)	807	(364)	(486)	(3,776)
8 Other Comprehensive Income						
Items that will not be reclassified to profit or loss	(31)	(30)	10	(61)	18	(120)
a) Remeasurements of post-employment benefit obligations	--	--	--	--	1	31
b) Income tax relating to these items	(31)	(30)	10	(61)	19	(89)
<b>Total Other Comprehensive Income, net of income tax</b>	<b>(31)</b>	<b>(30)</b>	<b>10</b>	<b>(61)</b>	<b>19</b>	<b>(89)</b>
9 Total Comprehensive Income for the period (6 +/- 7)	(290)	(135)	817	(425)	(467)	(3,865)
10 Paid up Equity Share Capital (Face value Rs.10/- per share)						1,259
11 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)						
Basic and Diluted	(2.06)	(0.84)	6.41	(2.89)	(3.86)	(31.67)
12 Reserves, excluding revaluation reserve						5,312

Also refer to the accompanying notes





PARTICULARS	As at	
	30-09-2019	31-03-2019
	Unaudited	Audited
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	13,165	13,630
Capital work-in-progress	41	41
Investment property	364	364
Other intangible assets	*	*
<b>Financial Assets</b>		
Trade receivables	930	1,583
Other financial assets	362	476
Deferred tax assets	6,234	6,234
Other non-current assets	179	6
<b>Total non-current assets</b>	<b>21,275</b>	<b>22,334</b>
<b>Current assets</b>		
Inventories	10,634	10,782
<b>Financial assets</b>		
Trade receivables	9,906	9,360
Cash and cash equivalents	467	559
Bank balances other than above	212	272
Other financial assets	621	668
Current tax assets (net)	412	398
Other current assets	1,528	1,316
<b>Total current assets</b>	<b>23,780</b>	<b>23,355</b>
<b>Total assets</b>	<b>45,055</b>	<b>45,689</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	1,259	1,259
Other Equity	4,876	5,312
<b>Total Equity</b>	<b>6,135</b>	<b>6,571</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	3,819	4,572
Trade payables		
A Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-	3
Provisions	396	312
Other non-current liabilities	161	321
<b>Total non-current liabilities</b>	<b>4,376</b>	<b>5,208</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	17,251	16,843
Trade payables		
A Total outstanding dues of Micro Enterprises and Small Enterprises	17	21
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,491	7,709
Other financial liabilities	5,612	4,203
Provisions	457	416
Other current liabilities	4,716	4,718
<b>Total current liabilities</b>	<b>34,544</b>	<b>33,910</b>
<b>Total liabilities</b>	<b>38,920</b>	<b>39,118</b>
<b>Total equity and liabilities</b>	<b>45,055</b>	<b>45,689</b>

\* amount is below rounding off norm adopted by the Company



Pradip Halder

## McNally Sayaji Engineering Limited

Consolidated Statement of Cash Flows for the year ended 30th September, 2019

Rupees in Lakhs

	Half Year ended 30 Sept 2019	Half Year ended 30 Sept 2018
<b>Cash flow from operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>(389)</b>	<b>(384)</b>
<b>Adjustments for :-</b>		
Depreciation on Tangible Assets	484	708
Loss / (Gain) on Sale of Property, Plant and Equipment (Net)	-	(3)
Interest income	(16)	(11)
Finance costs	505	1,895
Provision for bad and doubtful trade receivables	76	-
Bad Debts written off	-	6
Advance written off	3	-
Liabilities no longer required written back	(129)	(4)
Provision no longer required written back	-	(199)
Provision for Non Moving Item		1
Provision for Warranty	12	7
Net exchange differences	1	2
Interest Income on unwinding on revenue deferred	(22)	(39)
Deferred Retention Income	13	18
<b>Cash flow from operating activities before change in operating assets and liabilities</b>	<b>534</b>	<b>1,997</b>
Decrease / (Increase) in trade and Other Receivables	8	(67)
Decrease / (Increase) in inventories	147	356
Increase / (Decrease) in Trade and Other Payables	(763)	964
<b>Cash generated from operations</b>	<b>(75)</b>	<b>3,250</b>
Income taxes (paid) / refund	12	(16)
<b>Net cash inflow from operating activities</b>	<b>(63)</b>	<b>3,234</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(18)	(12)
Proceeds from sale of property, plant and equipment	-	3
Interest received	16	11
Fixed deposit placed	59	(69)
<b>Net cash inflow (outflow) from investing activities</b>	<b>57</b>	<b>(67)</b>
<b>Cash flows from financing activities</b>		
Repayment of Borrowings	(82)	(1,478)
Interest paid	(494)	(1,882)
Net increase in Cash Credit Facilities including WCDL	489	177
<b>Net cash inflow (outflow) from financing activities</b>	<b>(87)</b>	<b>(3,183)</b>
Net increase (decrease) in cash and cash equivalents	<b>(93)</b>	<b>(16)</b>
Cash and cash equivalents at opening of the period	560	439
Cash and cash equivalents at end of the period	467	423

McNally Sayaji Engineering Ltd  
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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 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 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 the adoption did not have any significant impact to the financial results of the Company.
- 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 and the Parent Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Parent Company has submitted its Resolution Plan and the Lenders are actively considering the solution process outside the National Company Law Tribunal. The Lenders of the Parent Company have initiated various processes in this respect as specified under Reserve Bank of India's guidelines (vide the RBI circular dated 7th June, 2019) and most of these processes have been completed. As on the date of reporting, the Parent company has signed two non-binding Memorandum of Understanding (MOU) with investors for infusion of funds into the Parent company which is subject to due diligence and other terms and conditions including approval of the Resolution plan. Based on the aforesaid positive developments, the Management of the Parent company is hopeful that with the support of new investors and the Lenders and approval on the Resolution Plan, the company expects to generate sufficient cash flows through profitable operations to discharge its short term and long term liabilities. Hence, the Board of Directors have decided to prepare the financial results for the six months ended 30th September, 2019 on a going concern basis.
- 4 The Parent Company has issued a corporate guarantee in favour of the lender banks of its holding company, McNally Bharat Engineering Company Limited 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 have expressed material uncertainty towards going concern 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 Majority of the lender banks 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 1,449 lakhs which have accrued on its bank borrowings and inter-corporate borrowings during the six months ended 30th September, 2019.
- 6 The Group has accounted for the deferred tax assets of Rs 6,234 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 six months ended 30th June, 2019 taking a conservative approach.
- 7 During the year ended 31st March, 2019, the Group opted to publish consolidated financial results on an annual basis and subjected to limited review by the Statutory Auditors of the Company. Accordingly, consolidated financial results for the quarter and half year ended 30th September, 2018 have been approved by the Board of Directors of the Company.
- 8 This statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th November, 2019 and Limited Review of the same has been carried out by the statutory auditors of the Company.
- 9 Figures for the previous period have been regrouped / rearranged, wherever necessary.

*Pradip Kumar Tibdewal*

Pradip Kumar Tibdewal  
Wholetime Director

Place : Kolkata

Dated : 14th November, 2019





**Independent Auditors' Review Report on the Unaudited Consolidated Financial Results for the quarter and six months ended 30<sup>th</sup> September, 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 and six months ended 30<sup>th</sup> September, 2019 ("the Statement"). This Statement is the responsibility of the Parent Company's Management and has been approved by the Parent Company's Board of Directors. 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. 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

**3. Basis for Qualified Conclusion**

Due to non-provision of the interest expense by the Parent Company of Rs. 1,449 Lakhs as referred in Note 5 of the statement, the Finance Costs for the six months ended 30<sup>th</sup> September, 2019 is understated by Rs 1,449 Lakhs, liability on account of interest is understated by Rs. 1,449 Lakhs and total comprehensive loss to that extent.



4. Based on our review conducted as stated in Paragraph 2 above, except for the matter described in the Basis for Qualified Conclusion Paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with applicable Indian Accounting Standards and other recognised accounting practices and policies 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, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**5. Emphasis of 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. 365 Lakhs during the six months ended 30<sup>th</sup> September, 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 may 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.

- (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 expecting 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 six months ended 30th September, 2019 on prudent basis.



(iii) Corporate Guarantee issued by the Parent Company

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 31<sup>st</sup> 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 six months ended 30<sup>th</sup> September, 2019.

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

6. The Statement includes the results of MBE Coal & Mineral Technology India Private Limited, a wholly owned subsidiary of the Parent Company.

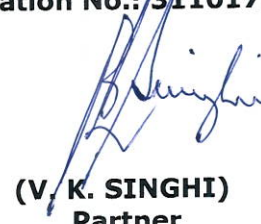
7. We did not review the financial information of one subsidiary included in the Statement whose financial information, reflect total assets of Rs. 6,097 Lakhs, total revenue of Rs. 2,321 Lakhs and total comprehensive income of Rs. 198 Lakhs as considered in the statement for the six months ended 30<sup>th</sup> September, 2019. These Financial results/information are certified by the management. According to the information and explanations given to us by the Company's Management, these financial information / financial results are not material to the Group.

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

8. The financial statements for the year ended 31<sup>st</sup> March, 2019 were audited by the predecessor auditors and modified opinion was expressed vide their audit report dated 30<sup>th</sup> May, 2019.

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

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



**(V. K. SINGHI)**  
**Partner**

**Membership No. 050051**  
**UDIN: 19050051AAAAKI3889**

**Place:** Kolkata  
**Date:** 14<sup>th</sup> November, 2019