

McNALLY SAYAJI ENGINEERING LIMITED
CIN No : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com
Regd Office - 4, Mangoe Lane, Kolkata - 700 001, Phone No : 913330142280
Corp Office - Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156
Statement of Standalone Audited Financial Results For The Year Ended 31st March, 2019

Rupees in Lakhs

PARTICULARS	Quarter Ended			Year Ended	Year Ended
	31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018
	Refer Note 7		Refer Note 7		
	Audited	Unaudited	Audited	Audited	Audited
1 Income					
a) Revenue from operations [Refer Note 6]	6,217	4,266	5,508	21,857	21,942
b) Other income	(123)	466	(67)	1,023	433
Total Income	6,094	4,732	5,441	22,880	22,375
2 Expenses					
a) Cost of materials consumed	2,546	2,225	860	8,777	8,823
b) Purchases of stock-in-trade	1,000	-	676	2,411	2,530
c) Changes in inventories of work-in-progress and finished goods	421	238	(438)	1,414	(214)
d) Excise duty	-	-	-	-	442
e) Employee benefit expense	641	694	644	2,714	2,725
f) Finance costs	828	788	1,002	3,338	3,302
g) Depreciation and amortisation expense	274	273	370	1,247	1,626
h) Other expenses	1,496	977	3,182	4,793	7,703
Total expenses (a to h)	7,206	5,195	6,296	24,694	26,937
3 (Loss) before tax and exceptional items (1-2)	(1,112)	(463)	(855)	(1,814)	(4,562)
4 Exceptional items [Refer Note 5]	(2,591)	-	-	(2,591)	-
5 (Loss) before tax (3-4)	(3,703)	(463)	(855)	(4,405)	(4,562)
6 Income Tax expenses					
a) Current tax	-	-	-	-	-
b) Deferred tax Charge/(Credit)	(781)	(322)	420	(1,150)	(1,140)
Total tax expenses (a to b)	(781)	(322)	420	(1,150)	(1,140)
7 (Loss) for the period (5 -6)	(2,922)	(141)	(1,275)	(3,255)	(3,422)
8 Other comprehensive income, net of tax					
Items that will not be reclassified to profit or loss					
a) Remeasurements of post-employment benefit obligations	(157)	14	95	(115)	62
b) Income tax relating to these items	43	(6)	(19)	30	(19)
Total other comprehensive income, net of income tax	(114)	8	76	(85)	43
9 Total comprehensive income for the period (7 + 8)	(3,036)	(133)	(1,199)	(3,340)	(3,379)
10 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,079	1,259	1,079
11 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)					
Basic and Diluted	(23.21)	(1.12)	(12.69)	(27.30)	(29.50)
12 Reserves, excluding revaluation reserve				7,837	11,103

See accompanying note to the financial results



Prasanna Tildrowel

Notes:

1. Statement of Assets and Liabilities

Rupees in Lakhs

PARTICULARS	As at	
	31-03-2019	31-03-2018
	Audited	Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	13,555	14,737
Capital work-in-progress	24	*
Investment property	364	378
Other intangible assets	*	34
Financial Assets		
Investments	2,700	2,700
Trade receivables	644	689
Other financial assets		
Deferred tax assets	5,397	4,217
Other non-current assets	138	142
Total non-current assets	22,822	22,897
Current assets		
Inventories	10,018	13,814
Financial assets		
Trade receivables	7,414	9,067
Cash and cash equivalents	316	330
Bank balances other than above	271	152
Other financial assets	-	-
Current tax assets (net)	292	287
Other current assets	1,061	1,180
Total current assets	19,372	24,830
Total assets	42,194	47,727
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,259	1,079
Other equity		
Compulsorily convertible preference shares	-	180
Other Equity (Reserve and Surplus)	7,764	11,103
Total Equity	9,023	12,362
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	4,564	3,108
Employee benefit obligations	163	141
Total non-current liabilities	4,727	3,249
Current liabilities		
Financial liabilities		
Borrowings	14,902	14,840
Trade payables		
A Total outstanding dues of Micro Enterprises and Small Enterprises	21	108
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	5,839	11,071
Other financial liabilities	3,379	2,772
Provisions	69	81
Employee Benefit Obligations	309	256
Other current liabilities	3,925	2,988
Total current liabilities	28,444	32,116
Total liabilities	33,171	35,365
Total equity and liabilities	42,194	47,727

* amount is below rounding off norm adopted by the Company



Pradeep Kumar Choudhary

2 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"

3 1,800,000, 1% Compulsorily Convertible Preference Share having par value of Rs 10/- each have been converted into Equity Shares on 14th August, 2018.

4 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. As a result the company has incurred net loss of Rs. 3,255 lakhs during the year ended 31st March, 2019, which has adversely impacted the net worth of the company and the current liabilities of Rs.28,444 lakhs have exceeded its current assets of Rs.19,372 lakhs. These conditions have created uncertainty on the company's ability to continue as a going concern. The Company have 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 already 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 cutting, 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.

5 During the year, downturn of the infrastructure and core sector combined with other factors as captured in Note 4 above, necessitated the management of the Company to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly a provision has been taken in the financial statements for such inventories and have been shown as an exception item.

6 Post applicability of Goods and Service Tax (GST) with effect from 1st July, 2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and other expenses year ended 31st March, 2018 are not comparable with previous periods figures presented in the statement.

7 The figures for the quarter ended 31st March, 2019 and corresponding quarter ended 31st March, 2018 are the balancing figures between the audited figures in respect of the full financial year and the year to date unaudited figures for the nine months of the respective financial years.

8 This statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 30th May, 2019.

For and on behalf of the Board

Pradip Kumar Tibdewal

Pradip Kumar Tibdewal
Whole time Director

Place : Kolkata

Dated : 30th May, 2019



**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
MCNALLY SAYAJI ENGINEERING LIMITED**

1. We have audited the accompanying Statement of Standalone Ind AS Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Company"), for the year ended March 31, 2019 ("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.
2. **Management Responsibility**
This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim standalone Ind AS 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 interim standalone Ind AS financial statements.
3. **Auditor's Responsibility**
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 Company'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 Company'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. Material Uncertainty Related to Going Concern

We draw attention to note 4 of the interim standalone Ind AS financial statements, wherein the Company has incurred net loss of Rs. 3,255 lakhs during the year ended 31st March, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by 9,073 lakhs. Further, the Company was unable to discharge its obligations for repayment of loans, thereby breaching related loan covenants. The Company's Management is currently in discussion with the lenders for carrying out a debt restructuring proposal.

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 plan, which is not wholly within the control of the Company.

The Management of the Company has prepared the financial statements on going concern basis based on their assessment of the successful outcome of the restructuring proposal and accordingly no adjustments has been made to the carrying value of the assets and liabilities and their presentation/classification in the Balance Sheet.

Our opinion is not modified on this matter.

5. Basis of Qualified Opinion

- i) The Company has recognised deferred tax assets aggregating to Rs. 5,397 lakhs as at March 31, 2019 and Rs. 1,180 lakhs during the year then ended. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12 has not been met. Consequently losses for the year is understated by Rs. 1,180 lakhs, accumulated deficit is understated by Rs. 5,397 lakhs and Deferred Tax assets is overstated by Rs. 5,397 lakhs.
- ii) The Company has issued a corporate guarantee of Rs. 5,950 lakhs to the lenders against the loans taken by its holding Company, McNally Bharat Engineering Company Limited. The review report of the Holding Company included an adverse opinion related to going concern for the nine months ended December 31, 2018. No provision has been considered by the management of the Company for the likelihood of the devolvement of the guarantee on the Company.

6. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with Management's assessment of going concern assumptions and the reasons for making any adjustments to the carrying values or classification of assets and liabilities as more fully explained in the 'Material Uncertainty relating to Going Concern' above and except for the effects / possible effects of the matter described in paragraph 5 above, the Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and



**Deloitte
Haskins & Sells LLP**

- (ii) 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 Company for the year ended 31 March 2019.
7. The Statement includes the results for the Quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.




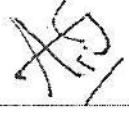


For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata, May 30, 2019

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019
 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2015]

Sl. No.	Particulars	Audited Standalone Figures (as reported before adjusting for qualifications) (Rs in lakhs)	Adjusted Standalone Figures (audited figures after adjusting for qualifications)
I	1. Total Income	22,880	22,880
	2. Total Expenditure	24,693	24,693
	3. Net Profit/(Loss)	-1,250	-1,250
	4. Earnings Per Share (In Rupees)	-27.30	-27.30
	5. Total Assets	42,194	36,797
	6. Total Liabilities	13,121	33,121
	7. Net Worth	9,073	3,676
	8. Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separate):		
	a. Details of Audit Qualification:	i) The Company has recognised deferred tax assets aggregating to Rs. 5,397 lakhs as at March 31, 2019 and Rs. 1,180 lakhs during the year then ended. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12 has not been met. Consequently losses for the year is understated by Rs. 1,180 lakhs, accumulated deficit is understated by Rs. 5,397 lakhs and deferred tax assets is overstated by Rs. 5,397 lakhs. ii) The Company has issued a corporate guarantee of Rs. 5,950 lakhs to the lenders against the loans taken by its holding Company, McNally Bharat Engineering Company Limited. The review report of the Holding Company included an adverse opinion related to going concern for the nine months ended December 31, 2018. No provision has been considered by the management of the Company for the likelihood of the devolvement of the guarantee on the Company.	
	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) and (ii) First Time	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	i) 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 already been completed. On the basis of these developments, the Company is hopeful that the restructuring process of the company will be approved shortly. Additionally, the company is taking various measures, including cost cutting, which can 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. As such, deferred tax assets have been recognised in the accounts. ii) The holding company, McNally Bharat Engineering Company Limited is undergoing debt resolution plan with its lenders outside National Company Law Tribunal which is likely to be approved shortly. The management does not foresee any devolvement of the guarantee on the Company.	
	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 Applicable	
	(ii) If management is unable to estimate the impact, reasons for the same	Not Applicable	
	(iii) Auditors' Comments on (i) or (ii) above:	Included in the details of auditors qualification.	
III	SIGNATURES:		
	Managing Director	 Pradeep Kumar Tildawal	
	CFO	 Uttam Jena	
	Audit Committee Chairman		
	Statutory Auditor For Deloitte Haskins & Sells LLP Chartered Accountants Firm's Registration No 11736EW/6-190018	 	
	A Bhatnagar Place: Kolkata Date: May 10, 2019		

McNALLY SAYAJI ENGINEERING LIMITED

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

Regd Office - 4, Mangoe Lane, Kolkata - 700 001, Phone No : 913330142280

Corp Office - Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156

Statement of consolidated Audited Financial Results For The Year Ended 31st March, 2019

Rupees in Lakhs

PARTICULARS	Year Ended	Year Ended
	31-03-2019	31-03-2018
	Audited	Audited
1 Income		
a) Revenue from operations [Refer Note 7]	24,581	25,456
b) Other income	1,416	678
Total Income	25,997	26,134
2 Expenses		
a) Cost of materials consumed	9,958	10,459
b) Purchases of stock-in-trade	2,406	2,530
c) Changes in inventories of work-in-progress and finished goods	1,414	(214)
d) Excise duty	--	466
e) Employee benefit expense	3,482	3,652
f) Finance costs	3,686	3,640
g) Depreciation and amortisation expense	1,262	1,640
h) Other expenses	6,076	8,827
Total expenses (a to h)	28,284	31,000
3 (Loss) before tax and exceptional items (1-2)	(2,287)	(4,866)
4 Exceptional items [Refer Note 6]	(2,591)	--
5 (Loss) before tax (3-4)	(4,878)	(4,866)
6 Income Tax expenses		
a) Current tax	--	--
b) Deferred tax (Credit)	(1,102)	(1,250)
Total tax expenses (a to b)	(1,102)	(1,250)
7 (Loss) for the year (5 -6)	(3,776)	(3,616)
8 Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
a) Remeasurements of post-employment benefit obligations	(120)	61
b) Income tax relating to these items	31	(19)
Total other comprehensive income, net of income tax	(89)	42
9 Total comprehensive income for the year (7 + 8)	(3,865)	(3,574)
10 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,079
11 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)		
Basic and Diluted	(31.67)	(31.17)
12 Reserves, excluding revaluation reserve	5,312	9,175

See accompanying note to the financial results

Pradeep Kumar Tildalwal



McNALLY SAYAJI ENGINEERING LIMITED
 CIN No : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com
 Regd Office - 4, Mangoe Lane, Kolkata - 700 001, Phone No : 913330142280
 Corp Office - Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156
Statement of Consolidated Audited Financial Results For The Year Ended 31st March, 2019

PARTICULARS	Rupees in Lakhs	
	As at	
	31-03-2019	31-03-2018
	Audited	Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	13,630	14,828
Capital work-in-progress	41	17
Investment property	364	378
Other intangible assets	*	35
Financial Assets		
Trade receivables	1,583	1,766
Other financial assets	476	887
Deferred tax assets	6,234	5,101
Other non-current assets	6	5
Total non-current assets	22,334	23,017
Current assets		
Inventories	10,782	14,614
Financial assets		
Trade receivables	9,360	11,138
Cash and cash equivalents	559	407
Bank balances other than above	272	152
Other financial assets	668	342
Current tax assets (net)	398	360
Other current assets	1,316	1,368
Total current assets	23,355	28,381
Total assets	45,689	51,398
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,259	1,079
Other equity		
Compulsorily convertible preference shares	-	180
Other Equity (Reserve and Surplus)	5,312	9,175
Total Equity	6,571	10,434
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	4,572	3,118
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	19
Other financial liabilities		
Provisions	126	109
Employee benefit obligations	186	169
Other non current liabilities	321	368
Total non-current liabilities	5,208	3,783
Current liabilities		
Financial liabilities		
Borrowings	16,843	16,652
Trade payables		
A Total outstanding dues of Micro Enterprises and Small Enterprises	21	108
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	7,709	12,931
Other financial liabilities	4,203	3,569
Provisions	103	167
Employee Benefit Obligations	313	267
Other current liabilities	4,718	3,487
Total current liabilities	33,910	37,181
Total liabilities	39,118	40,964
Total equity and liabilities	45,689	51,398

Pradip Kumar Taldar



* amount is below rounding off norm adopted by the Company

2 Segment-wise Revenue, Results , Assets and Liabilities (Refer Note 3)

PARTICULARS	Rupees in Lakhs	
	Year Ended	Year Ended
	31-03-2019	31-03-2018
	Audited	Audited
i Segment Revenue		
-Turnkey engineering	269	905
-Other engineering products	24,312	24,551
Revenue from operations (Refer Note 7)	24,581	25,456
ii Segment Results		
Profit/(Loss) from Turnkey engineering	(126)	35
Profit/(Loss) from Other engineering products	1,452	(1,261)
Total	1,326	(1,226)
Less: i) Finance Cost	3,613	3,640
ii) Exceptional items (Refer Note 6)	2,591	-
(Loss) before Tax	(4,878)	(4,866)
iii Segment Assets		
-Turnkey engineering	5,301	5,428
-Other engineering products	33,757	44,583
Total	39,058	50,011
Add: Unallocated Assets	6,631	1,387
Total Assets	45,689	51,398
iv Segment Liabilities		
-Turnkey engineering	4,182	3,942
-Other engineering products	11,517	15,619
Total	15,699	19,561
Add: Unallocated Liabilities	23,419	21,403
Total Liabilities	39,118	40,964

3 The Group is primarily engaged in two business segments, viz "Turnkey engineering" and "other engineering products" and predominantly operates in one Geographical segment. Accordingly, the Chief Operating decision maker has identified the business segment as the operating segment as per Indian Accounting Standard 108 on "Segment Reporting".

4 1,800,000, 1% Compulsorily Convertible Preference Share having par value of Rs 10/- each have been converted into Equity Shares on 14th August, 2018.

5 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. As a result the Parent Company has incurred net loss of Rs. 3,776 lakhs during the year ended 31st March, 2019, which has adversely impacted the net worth of the Parent Company and the current liabilities of Rs 33,910 lakhs have exceeded its current assets of Rs 23,355 lakhs. These conditions have created uncertainty on the Parent Company's ability to continue as a going concern. The Parent Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Parent Company has initiated various processes as specified under the banking guidelines and most of these processes have already 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 cutting, which shall improve its operational efficiencies. The management 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.

6 During the year, downturn of the infrastructure and core sector combined with other factors as captured in Note 4 above, necessitated the management of the Parent Company to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly a provision has been taken in the financial statements for such inventories and have been shown as an exception item.

7 Post applicability of Goods and Service Tax (GST) with effect from 1st July, 2017, revenue from operations are disclosed net of GST. Accordingly, the revenue from operations and other expenses year ended 31st March, 2018 are not comparable with previous periods figures presented in the statement.

8 The above audited financial results for the year ended 31st March 2019, drawn 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 5th July 2016, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30th May 2019.

For and on behalf of the Board

Pradip Kumar Tibdewal

Place : Kolkata
Dated : 30th May, 2019

Pradip Kumar Tibdewal
Whole time Director



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

1. We have audited the accompanying Statement of Consolidated Ind AS Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group") for the year ended 31 March, 2019 ("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. Management Responsibility

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 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. Auditor's Responsibility

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. Material Uncertainty Related to Going Concern

We draw attention to note 5 of the interim Consolidated Ind AS financial statements, wherein the Group has incurred net loss of Rs. 3,776 lakhs during the year ended March 31 2019 and as of that date, current liabilities exceed current assets by Rs.10,555 lakhs as on March 31, 2019. During the year ended March 31, 2019, the Parent/Holding Company was unable to discharge its obligations for repayment of loans. The Parent/Holding Company is currently in discussion with the lenders for carrying out a debt restructuring proposal.

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 plan, which is not wholly within the control of the Company.

The Management of the Group has prepared the financial statements on going concern basis based on their assessment of the successful outcome of the restructuring proposal and accordingly no adjustments has been made to the carrying value of the assets and liabilities and their presentation/classification in the Balance Sheet.

Our opinion is not modified on this matter.

5. Basis of Qualified Opinion

- i) The Group has recognised deferred tax assets aggregating to Rs. 6,234 lakhs as at March 31, 2019 and Rs. 1,133 lakhs during the year then ended. Considering the material uncertainty related to going concern that exists in the Group, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12 has not been met. Consequently losses for the year is understated by Rs. 1,133 lakhs, accumulated deficit is understated by Rs. 6,234 lakhs and Deferred Tax assets is overstated by Rs. 6,234 lakhs.
- ii) The Parent has issued a corporate guarantee of Rs. 5,950 lakhs to the lenders against the loans taken by its holding Company, McNally Bharat Engineering Company Limited. The review report of the Holding Company included an adverse opinion related to going concern for the nine months ended December 31, 2018. No provision has been considered by the management of the Group for the likelihood of the devolvement of the guarantee on the Group.

6. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with Management's assessment of going concern assumptions and the reasons for making any adjustments to the carrying values or classification of assets and liabilities as more fully explained in the 'Material Uncertainty relating to Going Concern' above and except for the effects / possible effects of the matter described in paragraph 5 above, the Statement:

- a. Includes the results of the following entity:
 - McNally Sayaji Engineering Limited (Parent)
 - MBE Coal and Mineral Technology India Private Limited (Subsidiary)



**Deloitte
Haskins & Sells LLP**

- 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 March 31, 2019.
7. The Statement includes the results for the Quarter ended March 31, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



A. Bhattacharya
Partner
(Membership No. 054110)

Kolkata, May 30, 2019

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 (See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016) (Consolidated)			
Sl. No.	Particulars	Audited Consolidated Figures (as reported before adjusting for qualifications) (Rs in lakhs)	Adjusted Consolidated Figures (audited figures after adjusting for qualifications)
1	1. Total Income	25,997	25,997
	2. Total Expenditure	28,284	28,284
	3. Net Profit/(Loss)	-2,287	-2,287
	4. Earnings Per Share	-31.67	-31.67
	5. Total Assets	45,689	39,455
	6. Total Liabilities	39,118	39,118
	7. Net Worth	6,571	337
	8. Any other financial items (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately)		
	a. Details of Audit Qualification:	<p>i) The Group has recognised deferred tax assets aggregating to Rs. 6,234 lakhs as at March 31, 2019 and Rs. 1,133 lakhs during the year then ended. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12 has not been met. Consequently losses for the year is understated by Rs. 1,133 lakhs, accumulated deficit is understated by Rs. 6,234 lakhs and Deferred Tax assets is overstated by Rs. 6,234 lakhs.</p> <p>ii) The Parent has issued a corporate guarantee of Rs. 5,950 lakhs to the lenders against the loans taken by its holding Company, McNally Bharat Engineering Company Limited. The review report of the Holding Company included an adverse opinion on related to going concern for the nine months ended December 31, 2018. No provision has been considered by the management of the Group for the likelihood of the devolvement of the guarantee on the Group.</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) and (ii) First time	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	<p>i) The Parent Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Parent Company has initiated various processes as specified under the banking guidelines and most of these processes have already been completed. On the basis of these developments, the parent company is hopeful that the restructuring proposals of the parent company will be approved shortly. Additionally, the parent company is taking various measures, including cost cutting, which shall improve its operational efficiencies. The management 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. As such, deferred tax assets have been recognised in the accounts.</p> <p>ii) The holding Company, McNally Bharat Engineering Company Limited is undergoing debt resolution plan with its lenders outside National Company Law Tribunal which is likely to be approved shortly. The management does not foresee any devolvement of the guarantee on the Group.</p>	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor, Management's estimation on the impact of audit qualification:	Not Applicable	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not Applicable	
	f. Auditors' Comments on (i) or (ii) above:	Included in the details of auditors qualification	
III	Signatures:		
	Managing Director		
	CFO		
	Aud. Committee Chairman		
	Statutory Auditor For Deloitte Haskins & Sells LLP Chartered Accountants Firm's Registration No. 117366W/W-190018	 	
	A Bhattacharya Partner Membership No. 0541110	 	
	Place: Kolkata (Date: May 30, 2019)		