

MCNALLY SAYAJI ENGINEERING LIMITED

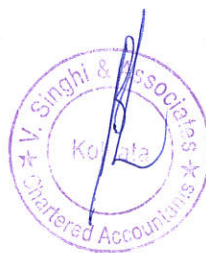
CIN: L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com

Regd. Office- Campus 2B, Ecospace Business Park, 11F/12,Rajarhat,New Town, Kolkata - 700160 Phone No : 913330142280

Statement of Unaudited Standalone Financial Results For The Quarter and Nine Months Ended 31st December, 2019

PARTICULARS	Rupees in Lakhs					
	Quarter Ended			Nine Months Ended		Year Ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from operations	2,952	4,541	4,266	10,986	15,640	21,857
(b) Other income	110	8	466	247	1,146	1,023
Total Income	3,062	4,549	4,732	11,233	16,786	22,880
2 Expenses						
a) Cost of materials consumed	1,274	2,222	2,225	5,349	6,231	8,777
b) Purchases of stock-in-trade	--	--	--	--	1,411	2,411
c) Changes in inventories of work-in-progress and finished goods	(139)	586	238	325	993	1,414
d) Employee benefits expense	656	758	694	2,040	2,073	2,714
e) Finance costs	33	49	788	374	2,510	3,338
f) Depreciation and amortisation expense	96	242	273	571	973	1,247
g) Other expenses	772	993	977	2,768	3,297	4,793
Total expenses (a to g)	2,692	4,850	5,195	11,427	17,488	24,694
3 Profit/(Loss) before tax and exceptional items (1-2)	370	(301)	(463)	(194)	(702)	(1,814)
4 Exceptional items	--	--	--	--	--	(2,591)
5 Profit/(Loss) before tax (3-4)	370	(301)	(463)	(194)	(702)	(4,405)
6 Tax expense						
a) Current tax	--	--	--	--	--	--
b) Deferred tax Charge/(Credit)	--	--	(322)	--	(369)	(1,150)
Total tax expenses	--	--	(322)	--	(369)	(1,150)
7 Profit / (Loss) for the period/year (5 +/-6)	370	(301)	(141)	(194)	(333)	(3,255)
8 Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	(29)	(29)	14	(87)	42	(115)
b) Income tax relating to these items	--	--	(6)	--	(13)	30
Total other comprehensive income, net of income tax	(29)	(29)	8	(87)	29	(85)
9 Total Comprehensive Income for the period (7 +/- 8)	341	(330)	(133)	(281)	(304)	(3,340)
10 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,259	1,259	1,259	1,259
11 Earnings Per Share (of Rs 10/- each) (not annualised)						
Basic and Diluted	2.94	(2.39)	(1.12)	(1.54)	(2.84)	(27.30)
12 Reserves, excluding revaluation reserve						7,764

Also refer to the accompanying notes



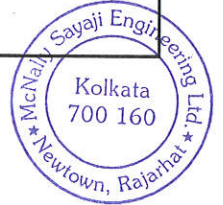
NOTES:

- 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 "Operating Segments"
- 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 Lenders have initiated various processes for debt resolution as specified under the Guidelines of the Reserve Bank of India (vide the RBI Circular dated 7th June, 2019) and most of the processes have been completed. During the quarter ended 31st December, 2019, the Company has received binding Term Sheets for infusion of fresh funds for debt restructuring and the same is under consideration by the lenders. Based on the aforesaid positive developments, the Management is hopeful that with the support of investors and the Lenders for approval of the Debt Restructuring Proposal, the company expects to generate sufficient cash flows through profitable operations to discharge its short term and long term obligations. Hence, the Board of Directors have decided to prepare the financial results for the quarter and nine months ended 31st December, 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 proposal. Since the debt restructuring proposal of the parent company is at advanced stage, no provision has been considered necessary 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. Accordingly, the Company has not recognised interest expense amounting to Rs. 2,361 lakhs (including Rs. 912 lakhs for the quarter ended 31st December, 2019) which have accrued on its bank borrowings and inter-corporate borrowings during the nine months ended 31st December, 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 a techno-economic viability study has been 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 recognised any further deferred tax assets during the quarter and nine months ended 31st December, 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 13th February, 2020 and Limited Review of the same has been carried out by the Statutory Auditors of the Company.
- 8 The figures for the quarter and nine months ended 31st December, 2018 and year ended 31st March, 2019 have been reviewed/audited by the predecessor auditor.
- 9 Figures for the previous period have been regrouped / rearranged, wherever necessary.

Place : Kolkata
Dated : 13th February, 2020

Pradip Kumar Tibdewal

Pradip Kumar Tibdewal
Wholetime Director
DIN-07977787



Independent Auditors' Review Report on the Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2019

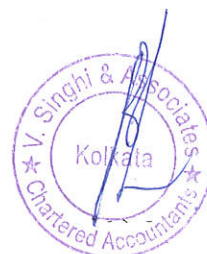
**Review Report to The Board of Directors
MCNALLY SAYAJI ENGINEERING LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Company") for the quarter and nine months ended 31st December, 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. 2,361 Lakhs for the nine months ended 31st December, 2019 (including Rs. 912 Lakhs for the quarter ended 31st December, 2019) on bank borrowings and inter-corporate borrowings as referred in Note 5 of the statement, Finance Costs for the nine months ended 31st December, 2019 and liability on account of interest and total comprehensive loss are understated 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. 194 Lakhs during the nine months ended 31st December, 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. 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) Corporate Guarantee issued by the Company

We draw attention to Note 4 of the Statement regarding corporate guarantee issued by the Company in favour of the lenders of the Parent 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 Parent Company in their Report for the year ended 31st March, 2019 had expressed material uncertainty related to Going Concern which is undergoing a debt restructuring proposal, provision against the said guarantee in the Statement has not been considered necessary by the management during the nine months ended 31st December, 2019.

(iii) 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 can be utilised. However, no deferred tax assets have been recognized by the Company for the nine months ended 31st December, 2019 on prudent basis.

Our conclusion is not modified in respect of these matters.



6. The financial results for the nine months ended 31st December, 2018 were reviewed by the predecessor auditors and unmodified opinion was expressed vide their review report dated 12th February, 2019. The financial statements for the year ended 31st March, 2019 were audited by the predecessor auditors and modified opinion was expressed vide their audit report dated 30th May, 2019.

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

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



(V. K. SINGHI)
Partner

Membership No. 050051
UDIN: 20050051AAAABP8220

Place: Kolkata
Date: 13th February, 2020

MCNALLY SAYAJI ENGINEERING LIMITED
 CIN : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com
 Regd. Office- Campus 2B, Ecospace Business Park, 11F/12,Rajarhat,New Town, Kolkata - 700160 Phone No : 913330142280
Statement of Unaudited Consolidated Financial Results For The Quarter and Nine Months Ended 31st December, 2019

PARTICULARS	Rupees in Lakhs					
	Quarter Ended			Nine Month Ended		Year Ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from operations	3,804	5,516	4,855	13,819	17,367	24,581
(b) Other income	127	81	560	574	1,429	1,416
Total Income	3,931	5,597	5,415	14,393	18,796	25,997
2 Expenses						
a) Cost of materials consumed	1,633	2,612	2,551	6,652	6,819	9,958
b) Purchases of stock-in-trade	--	--	519	--	1,411	2,406
c) Changes in inventories of work-in-progress and finished goods	(139)	586	229	325	993	1,414
d) Employee benefits expense	847	975	889	2,627	2,662	3,482
e) Finance costs	112	130	884	616	2,778	3,686
f) Depreciation and amortisation expense	99	246	277	582	985	1,262
g) Other expenses	1,122	1,332	1,322	3,723	4,105	6,076
Total expenses (a to g)	3,674	5,881	6,671	14,525	19,752	28,284
3 Profit/(Loss) before tax and exceptional items (1-2)	257	(284)	(1,256)	(132)	(956)	(2,287)
4 Exceptional items	--	--	--	--	--	(2,591)
5 Profit/(Loss) before tax (3-4)	257	(284)	(1,256)	(132)	(956)	(4,878)
6 Tax expense						
a) Current tax	--	--	--	--	--	--
b) Provision Written Back	--	(25)	--	(25)	--	--
c) Deferred tax Charge/(Credit)	--	--	(352)	--	(250)	(1,102)
Total tax expenses (a to b)	--	(25)	(352)	(25)	(250)	(1,102)
7 Profit / (Loss) for the period/year (5 +/-6)	257	(259)	(904)	(107)	(705)	(3,776)
8 Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	(30)	(31)	13	(91)	38	(120)
b) Income tax relating to these items	--	--	--	--	(12)	31
Total Other Comprehensive Income, net of income tax	(30)	(31)	13	(91)	27	(89)
9 Total Comprehensive Income for the period (7 +/- 8)	227	(290)	(891)	(198)	(679)	(3,865)
10 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,259	1,259	1,259	1,259
11 Earnings Per Share (of Rs 10/- each) (not annualised)						
Basic and Diluted	2.04	(2.06)	(7.18)	(0.85)	(5.60)	(31.67)
12 Reserves, excluding revaluation reserve						5,312

Also refer to the accompanying notes



McNally Sayaji Engineering Limited

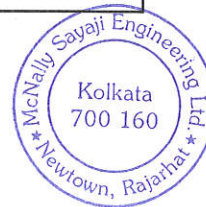
NOTES:

- 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 "Operating Segments"
- 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 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 due to which the Parent Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Lenders have initiated various processes for debt resolution as specified under the Guidelines of the Reserve Bank of India (vide the RBI Circular dated 7th June, 2019) and most of the processes have been completed. During the quarter ended 31st December, 2019, the Parent Company has received binding Term Sheets for infusion of fresh funds for debt restructuring and the same is under consideration by the lenders. Based on the aforesaid positive developments, the Management is hopeful that with the support of investors and the Lenders for approval of the Debt Restructuring Proposal, the Parent Company expects to generate sufficient cash flows through profitable operations to discharge its short term and long term obligations. Hence, the Board of Directors have decided to prepare the financial results for the quarter and nine months ended 31st December, 2019 on a going concern basis.
- 4 The Parent 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 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. 2,361 lakhs (including Rs. 912 lakhs for the quarter ended 31st December, 2019) which have accrued on its bank borrowings and inter-corporate borrowings during the nine months ended 31st December, 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 a techno-economic viability study has been 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 Group has not recognised any further deferred tax assets during the quarter and nine months ended 31st December, 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 13th February, 2020 and Limited Review of the same has been carried out by the Statutory Auditors of the Company.
- 8 The figures for the year ended 31st March, 2019 have been audited by the predecessor auditor.
- 9 Figures for the previous period have been regrouped / rearranged, wherever necessary.

Place : Kolkata
Dated : 13th February, 2020

Pradip Kumar Tibdewal

Pradip Kumar Tibdewal
Wholtime Director
DIN-07977787



Independent Auditors' Review Report on the Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 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 nine months ended 31st December, 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. 2,361 Lakhs for the nine months ended 31st December, 2019 (including Rs. 912 Lakhs for the quarter ended 31st December, 2019) on bank borrowings and inter-corporate borrowings as referred in Note 5 of the statement, Finance Costs for the nine months ended 31st December, 2019, liability on account of interest and total comprehensive loss are understated 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. 107 Lakhs during the nine months ended 31st December, 2019 and the Parent Company is 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. 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) Corporate Guarantee issued by the Parent Company

We draw attention to Note 4 of the Statement regarding corporate guarantee issued by the Parent Company in favour of the lenders of its 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 their 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 nine months ended 31st December, 2019.



(iii) 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 nine months ended 31st December, 2019 on prudent basis.

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 revenue of Rs. 3,199 Lakhs and total comprehensive income of Rs. 83 Lakhs as considered in the statement for the nine months ended 31st December, 2019. These Financial results/information are certified by the management.

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

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

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

Place: Kolkata
Date: 13th February, 2020



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


(V. K. SINGHI)
Partner

Membership No. 050051
UDIN:20050051AAAABQ9085