

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 Standalone Unaudited Financial Results For The Quarter Ended 30th June, 2020

Rupees in Lakhs

PARTICULARS	Quarter Ended			Year Ended
	30-06-2020	31-03-2020	30-06-2019	31-03-2020
	Unaudited	Audited	Unaudited	Audited
1 (a) Revenue from operations	2,187	3,243	3,493	14,229
(b) Other income	29	253	129	500
Total Income	2,216	3,496	3,622	14,729
2 Expenses				
a) Cost of Materials Consumed	468	1,492	1,853	6,842
b) Changes in Inventories of Work-in-Progress and Finished Goods	685	131	(122)	456
c) Employee Benefits Expense	468	418	626	2,458
d) Finance Costs	12	74	292	448
e) Depreciation and Amortisation Expense	307	221	233	792
f) Other Expenses	469	1,647	1,003	4,415
Total Expenses (a to f)	2,409	3,983	3,886	15,411
3 Profit/(Loss) before Tax (1-2)	(193)	(487)	(263)	(682)
4 Tax Expense				
a) Current Tax	-	-	-	-
b) Deferred Tax (Credit)	-	-	-	-
Total Tax Expenses	-	-	-	-
5 Profit / (Loss) for the period/year (3 +/-4)	(193)	(487)	(263)	(682)
6 Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
a) Remeasurements of post-employment benefit obligations	(15)	30	(29)	(57)
b) Income tax relating to these items	4	15		15
Total Other Comprehensive Income	(11)	45	(29)	(42)
7 Total Comprehensive Income for the period/year (5 +/- 6)	(204)	(442)	(292)	(724)
8 Paid up Equity Share Capital (Face value Rs.10/- each)	1,259	1,259	1,259	1,259
9 Other Equity (excluding revaluation reserve)	-	-	-	7,040
10 Earnings Per Share				
Basic and Diluted (Rs)	(1.53)	(3.87)	(2.09)	(5.42)

Also refer to the accompanying notes

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Pradip Kumar Tibdewal
Wholetime Director
DIN-07977787

Place : Kolkata
Dated : 4th September, 2020

McNally Sayaji Engineering Limited

Notes to the Statement of Standalone Unaudited Financial Results for the quarter ended 30th June, 2020

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 4th September, 2020.
2. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. 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".
4. The Company has been categorised as Non Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on debts. The Company has not recognised interest expense on Bank borrowings amounting to Rs. 790 Lakhs (Rs. 2,678 Lakhs for the year ended 31st March, 2020 including Rs.397 Lakhs for the quarter ended 30th June, 2019) and Rs. 156 Lakhs (Rs. 631 Lakhs for the year ended 31st March, 2020 including Rs 158 Lakhs for the quarter ended 30th June, 2019) on Inter-Corporate borrowings for the quarter ended 30th June, 2020.
5. The Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company's proposal towards resolution plan of debt restructuring is under consideration of the lenders. The management is confident that with the support of promoters and lenders 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. Accordingly, the Board of Directors have decided to prepare the Standalone Unaudited Financial Results using the going concern basis of accounting.

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6. The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) has declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 is significantly impacting business operations of the Company, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. The Company is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Company has evaluated its liquidity position and recoverability and carrying value of its Non-current and Current Assets and has concluded that no material adjustments are required currently at this stage.
7. The Company had recognised Deferred Tax Assets amounting to Rs. 5,397 lakhs upto 31st March, 2019. The company believes that based on the future business plan and the lenders support on the restructuring proposal, there will be adequate future taxable profits available against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
8. In earlier years, the Company had 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 carrying value of Rs. 474 lakhs as at 30th June, 2020. The Auditors' Report of its Holding Company for the year ended 31st March, 2020 expressed material uncertainty towards going concern of the Holding Company which is undergoing a debt restructuring plan. Since the resolution plan of its Holding Company is under development phase, no provision has been considered in the Consolidated Financial Results of the Company.
9. Figures for the previous quarters/periods have been regrouped/ rearranged wherever considered necessary.

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(PRADIP KUMAR TIBDEWAL)
WHOLE TIME DIRECTOR
DIN-07977787

Date: 4th September, 2020

Place: Kolkata

Independent Auditor's Review Report on the Standalone Unaudited Financial Results for the quarter ended 30th June, 2020

Review Report to
The Board of Directors
McNally Sayaji Engineering Limited
Campus 2B, Ecospace Business Park
11F/12 Rajarhat, New Town
Kolkata – 700156

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Company") for the quarter ended 30th June, 2020 ("the Statement").
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. 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 the 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.

4. Basis for Adverse Conclusion

The Company has not recognised interest expense on Bank borrowings amounting to Rs. 790 Lakhs (Rs. 2,678 Lakhs for the year ended 31st March, 2020 including Rs. 397 Lakhs for the quarter ended 30th June, 2019) and Rs. 156 Lakhs (Rs. 631 Lakhs for the year ended 31st March, 2020 including Rs. 158 Lakhs for the quarter ended 30th June, 2019) on Inter-Corporate Borrowings for the quarter ended 30th June, 2020 as referred in Note 4 to the Statement. As a result, finance Costs and total comprehensive loss for the quarter ended 30th June, 2020 are understated to that extent.

This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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5. Based on our review conducted as stated in Paragraph 3 above, and for reasons stated in Paragraph 4 above, the Statement of Standalone Unaudited Financial Results has not been prepared in accordance with the applicable Indian Accounting Standards and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Emphasis of Matters

a) Material uncertainty related to Going Concern

We draw attention to Note 5 to the Statement that the Company has reported net loss of Rs. 193 Lakhs during the quarter ended 30th June, 2020 and unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the investor and lenders for carrying out a debt restructuring proposal as informed to us by the Management. 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. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.

b) Management's assessment of impact of COVID-19

We draw attention to Note 6 to the Statement which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Company.

c) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Statement that the Company had recognised deferred tax assets of Rs. 5,397 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Company against which the deferred tax assets can be realised, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Company has not recognised further deferred tax assets thereafter on prudent basis.

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d) Corporate Guarantee issued by the Company

We draw attention to Note 8 to the Statement regarding Corporate Guarantee issued by the Company 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. 474 Lakhs as on 30th June, 2020. The Audit Report of its Holding Company for the year ended 31st March, 2020 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 quarter ended 30th June, 2020.

Our conclusion on the Statement is not modified in respect of these matters.

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

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(V. K. SINGHI)
Partner

Membership No. 050051
UDIN: 20050051AAAAEW8807

Place: Kolkata
Date: 4th September, 2020

MCNALLY SAYAJI ENGINEERING LIMITED

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

Regd. Office: Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156 Phone No : 913330142280

Statement of Consolidated Unaudited Financial Results For The Quarter Ended 30th June, 2020

Rupees in Lakhs

PARTICULARS	Quarter Ended			Year Ended
	30-06-2020	31-03-2020	30-06-2019	31-03-2020
	Unaudited	Audited	Unaudited	Audited
1 (a) Revenue from Operations	2,568	3,698	4,499	17,517
(b) Other Income	29	575	366	1,150
Total Income	2,597	4,273	4,865	18,667
2 Expenses				
a) Cost of Materials Consumed	654	1,749	2,407	8,401
b) Changes in Inventories of Work-in-Progress and Finished Goods	885	131	(122)	456
c) Employee Benefits Expense	625	587	805	3,214
d) Finance Costs	85	157	374	773
e) Depreciation and Amortisation Expense	311	224	237	806
f) Other Expenses	700	1,970	1,269	5,694
Total Expenses (a to f)	2,960	4,818	4,970	19,344
3 Profit/(Loss) Before Tax (1-2)	(363)	(545)	(105)	(677)
4 Tax Expense				
a) Current Tax			--	--
b) Provision Written Back				(25)
c) Deferred Tax (Credit)		--		
Total Tax Expenses				(25)
5 Profit / (Loss) for the period/year (3 +/-4)	(363)	(545)	(105)	(652)
6 Other Comprehensive Income				
Items that will not be classified to profit or loss				
a) Remeasurements of post-employment benefit obligations	(15)	25	(30)	(66)
b) Income tax relating to these items	4	15	0	15
Total Other Comprehensive Income	(11)	40	(30)	(51)
7 Total Comprehensive Income for the period/year (5 +/- 6)	(374)	(505)	(135)	(703)
8 Paid up Equity Share Capital (Face value Rs.10/- each)		1,259		1,259
9 Other Equity (excluding revaluation reserve)				4,609
10 Earnings Per Share				
Basic and Diluted (Rs)	(2.88)	(4.33)	(0.83)	(5.18)

Also refer to the accompanying notes

Place : Kolkata
Dated : 4th September, 2020

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Pradip Kumar Tibdewal
Wholtime Director
DIN-07977787

Pradip Kumar Tibdewal
DIN: 07977787
The following information is provided for the purpose of transparency and accountability of the signatory:
1. Name: Pradip Kumar Tibdewal
2. Designation: Wholtime Director
3. Director Identification Number (DIN): 07977787
4. Date of Appointment: 14/09/2020
5. Status: Active
6. Category: Executive Director
7. Other Information: None

McNally Sayaji Engineering Limited

Notes to the Statement of Consolidated Unaudited Financial Results for the quarter ended 30th June, 2020

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 4th September, 2020.
2. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. 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 Group's operation comprises of only one reporting segment. Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".
4. The Holding Company has been categorised as Non Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on debts. The Holding Company has not recognised interest expense on Bank borrowings amounting to Rs. 790 Lakhs (Rs. 2,678 Lakhs for the year ended 31st March, 2020 including Rs 397 Lakhs for the quarter ended 30th June 2019) and Rs. 156 Lakhs (Rs. 631 Lakhs for the year ended 31st March, 2020 including Rs 158 Lakhs for the quarter ended 30th June 2019) on Inter-Corporate borrowings for the quarter ended 30th June, 2020.
5. The Holding Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Holding Company's control and the Holding Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Holding Company's proposal towards resolution plan of debt restructuring is under consideration of the lenders. The management of the Holding Company is confident that with the support of promoters and lenders on the resolution and various other measures, the Holding 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. Accordingly, the Board of Directors have decided to prepare the Consolidated Unaudited Financial Results using the going concern basis of accounting.

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6. The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) has declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID-19 is significantly impacting business operations of the Group, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. The Group is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-current and Current Assets and has concluded that no material adjustments are required currently at this stage.
7. The Group had recognised Deferred Tax Assets amounting to Rs. 6,234 lakhs upto 31st March, 2019. The Group believes that based on the future business plan and the lenders support on the restructuring proposal, there will be adequate future taxable profits available against which the Deferred Tax Assets can be utilised. However, the Group has not recognised further Deferred Tax Assets thereafter on prudent basis.
8. In earlier years, the Holding Company had issued a Corporate Guarantee in favour of the lender banks of the Holding Company, McNally Bharat Engineering Company Limited to the extent of value of fixed assets at Kumardhubi Unit-1 having a carrying value of Rs. 474 lakhs as on 30th June, 2020. The Auditors' Report of its Holding Company for the year ended 31st March, 2020 expressed material uncertainty towards going concern of the Holding Company which is undergoing a debt restructuring plan. Since the resolution plan of its Holding Company is under development phase, no provision has been considered in the Consolidated Financial Results of the Company.
9. Figures for the previous quarters/periods have been regrouped/ rearranged wherever considered necessary.

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(PRADIP KUMAR TIBDEWAL)
WHOLE TIME DIRECTOR
DIN-07977787

Date: 4th September, 2020

Place: Kolkata

Independent Auditor's Review Report on the Consolidated Unaudited Financial Results for the quarter ended 30th June, 2020

Review Report to
The Board of Directors
McNally Sayaji Engineering Limited
Campus 2B, Ecospace Business Park
11F/12 Rajarhat, New Town
Kolkata – 700156

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), for the quarter ended 30th June, 2020 ("the Statement").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. 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 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, to the extent applicable.

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4. **Basis for Adverse Conclusion**

The Holding Company has not recognised interest expense on Bank borrowings amounting to Rs. 790 Lakhs (Rs. 2,678 Lakhs for the year ended 31st March, 2020 including Rs. 397 Lakhs for the quarter ended 30th June, 2019) and Rs. 156 Lakhs (Rs. 631 Lakhs for the year ended 31st March, 2020 including Rs. 158 Lakhs for the quarter ended 30th June, 2019) on Inter-Corporate Borrowings for the quarter ended 30th June, 2020 as referred in Note 4 to the Statement. As a result, finance Costs and total comprehensive loss for the quarter ended 30th June, 2020 are understated to that extent.

This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

5. Based on our review conducted as stated in Paragraph 3 above, and for reasons stated in Paragraph 4 above, the Statement of Unaudited Consolidated Financial Results has not been prepared in accordance with the applicable Indian Accounting Standards and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Emphasis of Matters**

a) Material uncertainty related to Going Concern

We draw attention to Note 5 to the Statement that the Group has incurred net loss of Rs. 363 Lakhs during the quarter ended 30th June, 2020 and the Holding Company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal as informed to us by the Management. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Holding Company's ability to continue as a going concern. The ability of the Holding Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal of the Holding Company. Based on the Board of Directors' assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.

b) Management's assessment of impact of COVID-19

We draw attention to Note 6 to the Statement which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Group.

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c) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Statement that the Group had recognised deferred tax assets of Rs. 6,234 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be realised, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Group has not recognised further deferred tax assets thereafter on prudent basis.

d) Corporate Guarantee issued by the Holding Company

We draw attention to Note 8 to the Statement regarding Corporate Guarantee issued by the Holding 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. 474 Lakhs as on 30th June, 2020. The Audit Report of its Holding Company for the year ended 31st March, 2020 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 quarter ended 30th June, 2020.

Our conclusion on the Statement is not modified in respect of these matters.

7. Other Matter

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

We did not review the financial information of one subsidiary included in the Statement whose financial information, reflect total revenue of Rs. 383 Lakhs and total comprehensive loss of Rs. 170 Lakhs as considered in the statement for the quarter ended 30th June, 2020. These Financial results/information are certified by the management.

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

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

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(V. K. SINGHI)
Partner

Membership No. 050051
UDIN: 20050051AAAAEX1759

Place: Kolkata

Date: 4th September, 2020