

McNally Bharat Engineering Company Limited

CIN: L45202WB1961PLC025181

Corporate Office: Ecospace Campus 2B 11F/12

New Town Rajarhat North 24 Parganas Kolkata-700160

Telephone +91 3344591111

Email: mbe.corp@mbecl.co.in Website: www.mcnallybharat.com

Registered Office: 4 Mangoe Lane Kolkata-700001

10th August 2023

The National Stock Exchange of India Limited

Exchange Plaza, 5th floor, Plot # C/1, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

BSE Limited

Corporate Relations Department
1st Floor, New Trading Ring, Rotunda Building
Phiroze Jeejeebhoy Towers, Dalal Street, Fort
Mumbai – 400 001

Dear Sir,

Sub: Outcome of Meeting for consideration of Unaudited Financial Results for the First Quarter ended 30th June 2023 (“the Results”)

Ref: Disclosure pursuant to LODR Regulation 30

Scrip Code/Symbol: 532629/MBECL

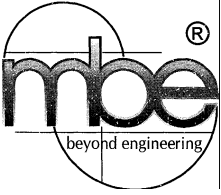
We refer to our letter dated 26th July 2023 regarding Meeting of the Resolution Professional with the suspended Board of Directors of the Company to be scheduled on 10th August 2023. The Resolution Professional and Directors having met today, they approved of the Unaudited Standalone and Consolidated Financial Results of the Company for the first quarter ended 30th June 2023 (the “Results”).

The Board meeting commenced at 11:00 A.M. and concluded at about 4.00 P.M.

Enclosed herewith:

- (1) the Results, duly signed by Mr. Ravi Sethia, the Resolution Professional and Mr. Asim Kumar Barman, Independent Director, Chairman of the Audit Committee; and
- (2) Limited Review Report by V. Singhi & Associates, Statutory Auditors, on the Results.

[McNally Bharat Engineering Company Limited is under Corporate Insolvency Resolution Process as per provisions of the Insolvency and Bankruptcy Code, 2016. Its affairs, business, and assets are being managed by the Resolution Professional, Mr. Ravi Sethia, appointed by the Kolkata Bench of the Hon'ble National Company Law Tribunal vide Order dated 26 August 2022 (Order published on 2 September 2022) under the provisions of the Code.]



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This notice is being uploaded on the Company website www.mcnallybharat.com.
Kindly take the above in your records and host on your website.

Yours faithfully,
For **McNally Bharat Engineering Company Limited**

Indrani Ray
Company Secretary

Encl: As above

[McNally Bharat Engineering Company Limited is under Corporate Insolvency Resolution Process as per provisions of the Insolvency and Bankruptcy Code, 2016. Its affairs, business, and assets are being managed by the Resolution Professional, Mr. Ravi Sethia, appointed by the Kolkata Bench of the Hon'ble National Company Law Tribunal vide Order dated 26 August 2022 (Order published on 2 September 2022) under the provisions of the Code.]

V. SINGHI & ASSOCIATES

Chartered Accountants

Four Mangoe Lane

Surendra Mohan Ghosh Sarani,

Ground Floor, Kolkata – 700 001

Phone : +91 33 2210 1125/26

E-mail : kolkata@vsinghi.com

Website : www.vsinghi.in

Independent Auditor's Report on Limited Review of the Unaudited Standalone Financial Results for the quarter ended 30th June, 2023 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report

The Resolution Professional of

McNally Bharat Engineering Company Limited

Four Mangoe Lane, Surendra Mohan Ghosh Sarani

Kolkata – 700001

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** (“the Company”) for the quarter ended 30th June, 2023 (“the Statement”), being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 (“the Circular”).
2. This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, 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

a) Current Assets, Current Liabilities and Capital Work – in – Progress

- i. We draw attention to **Note 12** to the statement regarding Trade Receivables, Advance to Suppliers, Trade Payables, Other Financial Assets and Advance from Customer being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Recoverability/ Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- ii. Further, Claims Recoverable (BG Encashed) amounting to Rs. 36,252.08 Lakhs, including Rs. 13,690.09 Lakhs under arbitration whose fair value is Rs. 21,508.05 Lakhs are doubtful. Recoverability/ Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- iii. There is no material movement in Capital Work-in-Progress amounting to Rs.462.62 Lakhs, since 31st March, 2016. In absence of any audit evidence, we are unable to ascertain the impact/adjustments required and comment on the same.

b) Non-adjustment of the Carrying Value of the Loan

In earlier years, the Company had given unsecured loan to Vedica Sanjeevani Projects Private Limited(“VSPL”). VSPL vide their letter dated 15th February, 2022 informed the Company that it was unable to service the debt and requested the Company for a moratorium on the repayment of the loan, including interest for two years i.e., Financial Year 2021-22 and Financial Year 2022-23. Subsequently, the Company had stopped recognizing interest income on the same. In absence of any further communication between the Company and VSPL in the current quarter, we are unable to comment on the realizability of loan and its interest and consequential adjustment to be made in the books.

This constitutes a material departure from the requirements of Indian Accounting Standard – 109 “Financial Instrument”.

c) Recognition of Deferred Tax Assets

Note 11 to the Statement that the Company had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31st March, 2018 which is being carry forwarded in books by the Company expecting adequate future taxable profits after infusion of fresh funds in the Company by the successful resolution applicant against which the deferred tax assets could be adjusted.



The Company has been continually incurring losses and its net worth has been fully eroded. Approval of Resolution Plan is in progress, and we are unable to obtain sufficient appropriate audit evidence with respect to the management's assertions and are therefore, unable to comment on the carrying value of the aforesaid net deferred tax assets on 30th June, 2023.

This constitutes a material departure from the requirements of Indian Accounting Standard 12 "Income Taxes".

5. Emphasis of Matters

We draw attention to the following matters in the notes to the Statement:

a) Approval of Resolution Plan by the Committee of Creditors

Note 1 and 3 to the Statement informs that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Company and appointed Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP). The RP received Resolution Plans from 4 applicants. Out of the 4, the Resolution Plan of one of the applicants received approval from the Committee of Creditors by requisite majority and thereafter the RP has submitted the application before the Hon'ble NCLT for its final approval.

b) Material Uncertainty related to Going Concern

Note 4 to the Statement that the Company has incurred a net loss of Rs 23,699.68 lakhs (before comprehensive income) during the quarter ended 30th June, 2023 and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and customers. 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 dependent on the acceptance of the resolution plan by the Hon'ble National Company Law Tribunal.

However, we could not gather sufficient audit evidence with respect to the management's this assertion and are unable to comment on preparation of the Statement.

c) Non- Assessment of Pending Litigations

Note 6 to the statement that the Company has been receiving regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax and Income Tax. In view of Company's admission under CIRP all existing civil and legal proceedings will be kept in abeyance as moratorium is in force under section 14 of the Insolvency and Bankruptcy Code, 2016 till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.



d) Recognition of Interest Expense

As referred in **Note 9** of the Statement, during the period, the Company has recognized the interest expense for the quarter ended 30th June, 2023 on Bank Borrowings, Inter Corporate Deposits and claim of EIG (Mauritius) Limited under the head 'Finance Costs' amounting to Rs. 16,995.58 Lakhs (Rs 16,238.48 Lakhs recognized in the previous quarter) as estimated by the management.

Our conclusion is not modified in respect of these matters.

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



A handwritten signature in blue ink, appearing to be 'Aniruddha Sengupta', written over a horizontal line.

(Aniruddha Sengupta)
Partner

Membership No. 051371

UDIN: 23051371BGVSCO3584

Place: Kolkata

Date: 10th August, 2023

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGO LANE, Kolkata 700 001
Web:www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 3014-1111
Statement of Standalone Unaudited Financial Results for the Quarter ended 30th June, 2023

(Rs. in Lakhs, unless otherwise stated)					
SL.No	Particulars	Three months ended		Year ended	
		30 June, 2023	31 March, 2023	30 June, 2022	31 March, 2023
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	(a) Net sales/ Income from operations	4,074.48	6,404.68	5,157.54	22,732.18
	(b) Other operating income	9.40	15.47	32.66	95.36
	Total income from operations	4,083.88	6,420.15	5,190.20	22,827.54
2	Other income	1,140.84	140.74	1,071.04	4,178.77
3	Total income (1+2)	5,224.72	6,560.89	6,261.24	27,006.31
4	Expenses				
	(a) Cost of materials consumed	2,082.10	3,659.60	3,188.95	12,321.63
	(b) Outsourcing expenses to job workers	1,269.82	2,173.65	1,640.20	9,644.30
	(c) Employee benefits expense	873.86	954.13	1,011.64	3,779.57
	(d) Finance costs	24,069.27	17,275.57	1,01,980.76	1,93,536.72
	(e) Depreciation and amortization expense	83.83	93.37	100.41	396.87
	(f) Other expenses	545.52	7,503.98	2,761.06	28,680.47
	Total expenses	28,924.40	31,660.30	1,10,683.03	2,48,359.56
5	Profit/(Loss) before tax and Exceptional Item (3-4)	(23,699.68)	(25,099.41)	(1,04,421.79)	(2,21,353.25)
	Exceptional Items	-	(17,993.88)	-	(25,767.49)
6	Profit Before Tax	(23,699.68)	(43,093.29)	(1,04,421.79)	(2,47,120.74)
7	Tax expenses:				
	Deferred tax	-	-	-	-
8	Profit/(Loss) for the period/year (5-6)	(23,699.68)	(43,093.29)	(1,04,421.79)	(2,47,120.74)
9	Other comprehensive income				
	Items that will not be reclassified to profit or loss	2.26	(23.05)	10.70	9.04
	Total other comprehensive income/(loss) (net of income tax)	2.26	(23.05)	10.70	9.04
10	Total comprehensive income/ (loss) for the period/year (7+8)	(23,697.42)	(43,116.34)	(1,04,411.09)	(2,47,111.70)
11	Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08
12	Reserves excluding revaluation reserve	-	-	-	(3,53,712.41)
13	Earnings per share (of Rs. 10/- each) (not annualised):				
	Basic	(11.20)	(20.37)	(49.36)	(116.80)
	Diluted	(11.20)	(20.37)	(49.36)	(116.80)

Also refer accompanying notes to the financial results.

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Asim Kumar Barman
 Director
 DIN 02373956

Ravi Sethia
 (Taken on Record)
 IBBI/IPA-001/IP-P01305/2018-19/12052
 Resolution Professional



McNally Bharat Engineering Company Limited

Notes to the Statement of Standalone Unaudited Financial Results for the Quarter ended 30th June, 2023

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of the Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing off, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was appointed as the Interim Resolution Professional (IRP). Thereafter, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP) vide NCLT order dt.26.08.22. Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vest with the IRP/Resolution Professional (RP).
2. Committee of creditors (COC) has been constituted on 18.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP. The COC has been further reconstituted from time to time by the IRP/RP (last such reconstitution on 29.12.2022) and intimation filed with the Hon'ble NCLT, Kolkata Bench.
3. The Resolution Plan of one of the Resolution Applicants has received the approval of COC by requisite majority, in term of the Insolvency and Bankruptcy Code, 2016 and COC authorised the RP to issue the Letter of Intent in term of the request for Resolution Plan and thereafter submit the application before the Hon'ble NCLT Court for final approval of the Resolution Plan. The application has been submitted before the Hon'ble NCLT Court on 3rd August, 2023.
4. The Company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and approval by NCLT of resolution plan submitted by the prospective investor. Under the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the Company as going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the Company is possible in the foreseeable future. The IRP/RP shall endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial result of the company have been prepared on going concern basis.
5. The above standalone financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee (suspended) and approved in the meeting of Board of Directors (suspended) chaired by Mr. Asim Barman at the behest of RP held on 10th Aug, 2023. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon them in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.
6. a) There shall be moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtors under section 33 of the IBC, as the case may be.

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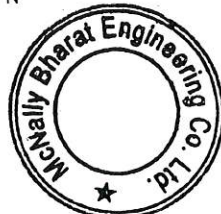


- b) The Company had received regulatory Enquiries /Notices/ Summons /Show-Cause/Demand/ Orders from various government authorities such as Goods and Services Tax, Income Tax. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in these results as of now.
7. 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.
8. The Company is primarily engaged in the business of Construction and Engineering activities hence no separate disclosure has been made for segment reporting as per IND AS 108-Operating Segments.
9. i) The Company has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks stopped debiting interest on their outstanding debts. After the company has admitted in NCLT, the Lender Banks have submitted their claims to the IRP/RP amounting to Rs 3,62,003.83 lakhs (including interest) out of which claim amounting to Rs. 3,61,778.21 lakhs have been admitted. The company has provisionally accounted for interest from date of categorisation as Non-Performing Asset by lender banks till 30.06.2023 amounting to Rs.1,84,970.04 lakhs out of which interest amounting to Rs 15,002.52 Lakhs has been recognised during the quarter ended June 30, 2023 under the head 'Finance Cost'.
- ii) Financial Creditors other than lender banks have also submitted their claims to RP amounting to Rs. 2,03,216.42 Lakhs out of which Rs.1,14,120.40 lakhs have been admitted by RP. The company has provisionally accounted for interest till 30.06.2023 amounting to Rs.17,967.56 lakhs Out of which amounting to Rs.1,731.30 lakhs recognised during the quarter ended June 30, 2023 under the head 'Finance Cost'.
- iii) Apart from above, claim of M/s EIG (Mauritius) Ltd was admitted by RP as per arbitration award to the tune of Rs. 7,773.61 lakhs which has been recognised in the books as 'Exceptional Item' and consequent interest of Rs. 1150.70 lakhs thereon till 30.06.2023 have also been provided under "Finance Cost".
10. The operational creditors have also submitted claims to the IRP/RP amounting to Rs.31,563.50 lakhs, out which RP has provisionally admitted claims of Rs.18,247.33 lakhs, as on 21.01.23 but reconciliation thereof with books is under process, which will be taken into records appropriately once reconciliation and settlement with creditors is complete.
11. The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds coming to the Company with the Investors support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
12. Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Further, the reconciliation activity by the management is under process and the effects of the reconciliation activity shall be accounted once the reconciliation process is complete. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of



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receivables which include Rs.41,269.24 lakhs under arbitration till June 30, 2023 in the normal course of business, hence no impairment has been considered at this stage.

13. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
14. Figures for the previous quarters/periods have been regrouped / rearranged wherever considered necessary.



Ravi Sethia
(Taken on Record)
IBBI/ IPA-001/IP-P01305/ 2018-19/12052
Resolution Professional

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Date: 2023.08.10
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Asim Kumar Burman
Director
DIN No. 02373956

Place : Kolkata
Dated : 10.08.2023



V. SINGHI & ASSOCIATES

Chartered Accountants

Four Mangoe Lane

Surendra Mohan Ghosh Sarani,

Ground Floor, Kolkata – 700 001

Phone : +91 33 2210 1125/26

E-mail : kolkata@vsinghi.com

Website : www.vsinghi.in

Independent Auditor's Report on Limited Review of the Unaudited Consolidated Financial Results for the quarter ended 30th June, 2023 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report

The Resolution Professional of

McNally Bharat Engineering Company Limited

Four Mangoe Lane, Surendra Mohan Ghosh Sarani

Kolkata – 700001

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** (“the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) for the quarter ended 30th June, 2023 (“the Statement”), being compiled and submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 (“the Circular”).
2. This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, 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

a) Current Assets, Current Liabilities and Capital Work – in – Progress

- i. We draw attention to **Note 12** to the statement regarding Trade Receivables, Advance to Suppliers, Trade Payables, Other Financial Assets and Advance from Customer being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Recoverability/ Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- ii. Further, Claims Recoverable (BG Encashed) amounting to Rs. 36,252.08 Lakhs, including Rs. 13,690.09 Lakhs under arbitration whose fair value is Rs. 21,508.05 Lakhs are doubtful. Recoverability/ Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- iii. There is no material movement in Capital Work-in-Progress amounting to Rs.462.62 Lakhs, since 31st March, 2016. In absence of any audit evidence, we are unable to ascertain the impact/adjustments required and comment on the same.

b) Non-adjustment of the Carrying Value of the Loan

In earlier years, the Holding Company had given unsecured loan to Vedica Sanjeevani Projects Private Limited (“VSPL”). VSPL vide their letter dated 15th February, 2022 informed the Holding Company that it was unable to service the debt and requested the Holding Company for a moratorium on the repayment of the loan, including interest for two years i.e., Financial Year 2021-22 and Financial Year 2022-23. Subsequently, the Holding Company had stopped recognizing interest income on the same. In absence of any further communication between the Holding Company and VSPL in the current quarter, we are unable to comment on the realizability of loan and its interest and consequential adjustment to be made in the books.

This constitutes a material departure from the requirements of Indian Accounting Standard – 109 “Financial Instrument”.

c) Recognition of Deferred Tax Assets

Note 11 to the Statement that the Holding Company had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31st March, 2018 which is being carry forwarded in books by the Holding Company expecting adequate future taxable profits after infusion of fresh funds in the Holding Company by the successful resolution applicant against which the deferred tax assets could be adjusted.



The Holding Company has been continually incurring losses and its net worth has been fully eroded. Approval of Resolution Plan is in progress, and we are unable to obtain sufficient appropriate audit evidence with respect to the management's assertions and are therefore, unable to comment on the carrying value of the aforesaid net deferred tax assets on 30th June, 2023.

This constitutes a material departure from the requirements of Indian Accounting Standard 12 "Income Taxes".

5. Emphasis of Matters

We draw attention to the following matters in the notes to the Statement:

a) Approval of Resolution Plan by the Committee of Creditors

Note 1 and 3 to the Statement informs that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Holding Company and appointed Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP). The RP received Resolution Plans from 4 applicants. Out of the 4, the Resolution Plan of one of the applicants received approval from the Committee of Creditors by requisite majority and thereafter the RP has submitted the application before the Hon'ble NCLT for its final approval.

b) Material Uncertainty related to Going Concern

Note 4 to the Statement that the Group has incurred a net loss of Rs 23,691.42 lakhs (before comprehensive income) during the quarter ended 30th June, 2023 and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors and customers. 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. The ability of the Group to continue as a going concern is dependent on the acceptance of the resolution plan by the Hon'ble National Company Law Tribunal.

However, we could not gather sufficient audit evidence with respect to the management's this assertion and are unable to comment on preparation of the Statement.

c) Non- Assessment of Pending Litigations

Note 6 to the statement that the Holding Company has been receiving regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax and Income Tax. In view of Holding Company's admission under CIRP all existing civil and legal proceedings will be kept in abeyance as moratorium is in force under section 14 of the Insolvency and Bankruptcy Code, 2016 till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.



d) Recognition of Interest Expense

As referred in **Note 9** of the Statement, during the period, the Holding Company has recognized the interest expense for the quarter ended 30th June, 2023 on Bank Borrowings, Inter Corporate Deposits and claim of EIG (Mauritius) Limited under the head 'Finance Costs' amounting to Rs. 16,995.58 Lakhs (Rs 16,238.48 Lakhs recognized in the previous quarter) as estimated by the management.

e) Others

The Statement includes the results of the following subsidiaries;

Wholly Owned Subsidiary Companies of the Holding Company

- McNally Bharat Equipments Limited
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited

The Statement does not include the results of the following Joint Ventures;

Joint Ventures of the Holding Company

- EMC MBE Contracting Company LLC
- McNally – Trolex
- McNally – AML
- McNally – Trolex – Kilburn

Our conclusion is not modified in respect of these matters.

6. Other Matters

The Statement includes the unaudited financial information of one Indian subsidiary and two overseas subsidiaries which reflects the Group's share of total profit of Rs. 8.02 Lakhs and total income of Rs 103.44 Lakhs for the quarter ended 30th June, 2023. The unaudited financial information has been furnished to us by the management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited interim financial information. In our opinion and according to the information and explanations given to us this interim financial information is not material to the Group.

Our conclusion is not modified in respect of these matters.

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



A handwritten signature in blue ink, appearing to read "Aniruddha Sengupta".

(Aniruddha Sengupta)
Partner

Membership No. 051371

UDIN: 23051371BGVSCP5210

Place: Kolkata

Date: 10th August, 2023

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGOE LANE, Kolkata 700 001
Website: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 6628-1213
Statement of Consolidated Unaudited Financial Results for the quarter ended 30th June, 2023

(Amount in lakhs unless otherwise stated)

Particulars	For The Three months ended			For The Year ended
	30th June 2023	31st March 2023	30th June 2022	31st March 2023
	Unaudited	Audited	Unaudited	Audited
1 Revenue from operations	4,098.98	9,034.21	9,167.46	38,078.60
2 Other income	1,140.79	236.84	1,100.76	4,381.68
3 Total income (1+2)	5,239.77	9,271.05	10,268.22	42,460.28
4 Expenses				
(a) Cost of materials consumed	2,082.10	5,582.60	5,530.64	21,440.63
(b) Changes in Inventories of work-in-progress and finished goods	-	123.00	(148.58)	(83.00)
(c) Outsourcing expenses to job workers	1,275.76	2,173.65	1,640.20	9,644.30
(d) Employee benefits expense	873.86	1,393.13	1,703.45	6,279.57
(e) Finance costs	24,069.27	17,340.57	1,02,066.10	1,93,863.72
(f) Depreciation and amortisation expense	83.83	202.37	260.42	1,004.87
(g) Other expenses	546.61	8,530.61	3,782.41	32,803.02
Total expenses	28,931.43	35,345.93	1,14,834.65	2,64,953.11
5 Profit / (Loss) before tax and Exceptional Items (3-4)	(23,691.66)	(26,074.88)	(1,04,566.43)	(2,22,492.83)
6 Exceptional Items	-	10,163.85	-	2,390.24
Profit / (Loss) before tax (5+6)	(23,691.66)	(15,911.03)	(1,04,566.43)	(2,20,102.59)
7 Tax expenses:				
(a) Current tax	-	(20.31)	-	(20.31)
(b) Provision Written Back	-	-	-	-
(c) Deferred tax	-	6,234.00	-	6,234.00
8 Profit / (Loss) for the period/year	(23,691.66)	(22,124.72)	(1,04,566.43)	(2,26,316.28)
9 Other Comprehensive Income				
(a) Items that will not be reclassified to profit or loss : Remeasurements of Post-employment Defined Benefit Obligations	2.26	(81.05)	19.37	(22.96)
(b) Items that will be reclassified to profit or loss : Exchange Difference on translation of foreign operations	(129.12)	-	-	-
Total other comprehensive income (net of income tax)	(126.86)	(81.05)	19.37	(22.96)
10 Total comprehensive income for the period/year (8+9)	(23,818.52)	(22,205.77)	(1,04,547.05)	(2,26,339.24)
11 Profit/(Loss) attributable to:				
Owners of the Holding Company	(23,691.71)	(22,898.32)	(1,04,539.77)	(2,27,060.38)
Non-Controlling interest	0.05	773.60	(26.67)	744.10
Total	(23,691.66)	(22,124.72)	(1,04,566.44)	(2,26,316.28)
12 Other Comprehensive income is attributable to :				
Owners of the Holding Company	(126.86)	(70.36)	17.77	(17.06)
Non-Controlling interest	-	(10.69)	1.60	(5.90)
Total	(126.86)	(81.05)	19.37	(22.96)
13 Total Comprehensive income is attributable to :				
Owners of the Holding Company	(23,818.57)	(22,968.69)	(1,04,522.00)	(2,27,077.44)
Non-Controlling interest	0.05	762.91	(25.07)	738.20
Total	(23,818.52)	(22,205.77)	(1,04,547.06)	(2,26,339.24)
14 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08
15 Reserve excluding revaluation reserve	-	-	-	(3,53,635.72)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):				
Basic (Rs.)	(11.20)	(10.82)	(49.41)	(107.32)
Diluted (Rs.)	(11.20)	(10.82)	(49.41)	(107.32)

The accompanying notes form an integral part of the Consolidated Financial Results

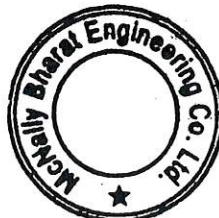


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Asim Kumar Barman
Director
DIN 02373956

Ravi Sethia

Ravi Sethia
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19/1
Resolution Professional



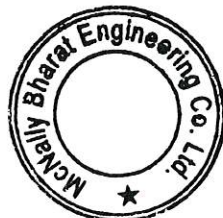
McNally Bharat Engineering Company Limited

Notes to the Statement of Consolidated Unaudited Financial Results for the Quarter ended 30th June, 2023

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of the Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing off, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was appointed as the Interim Resolution Professional (IRP). Thereafter, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP) vide NCLT order dt.26.08.22. Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vest with the IRP/Resolution Professional (RP).
2. Committee of creditors (COC) of the Holding Company has been constituted on 18.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP. The COC has been further reconstituted from time to time by the IRP/RP (last such reconstitution on 29.12.2022) and intimation filed with the Hon'ble NCLT, Kolkata Bench.
3. The Corporate Insolvency Resolution Process (CIRP) of Holding Company is currently in process. The Resolution Plan of one of the Resolution Applicants has received the approval of COC by requisite majority, in term of the Insolvency and Bankruptcy Code, 2016 and COC authorised the RP to issue the Letter of Intent in term of the request for Resolution Plan and thereafter submit the application before the Hon'ble NCLT Court for final approval of the Resolution Plan. The application has been submitted before the Hon'ble NCLT Court on 3rd August, 2023.
4. The Holding Company is under CIRP wherein the RP of the Holding company has been managing the operations of the Holding Company on a going concern basis. In view of the opinion of the Board of Directors and KMPs, resolution and revival of the Holding company is possible in the foreseeable future and the RP shall also endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial result of the Holding Company have been prepared on going concern basis.
5. The above consolidated financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee (suspended) and approved in the meeting of Board of Directors (suspended) chaired by Mr. Asim Barman at the behest of RP held on 10th Aug, 2023. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Holding Company which has been conferred upon them in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.
6. a) There shall be moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtors under section 33 of the IBC, as the case may be.

b) The Holding Company had received regulatory Enquiries /Notices/ Summons /Show-Cause/Demand/ Orders from various government authorities such as Goods and Services Tax, Income Tax. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance in view of moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 being applicable

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on the Holding Company till the conclusion of CIRP. Therefore, no impact has been considered in these results as of now.

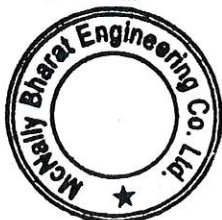
7. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. The Holding Company is primarily engaged in the business of Construction and Engineering activities and subsidiary companies are also operating under similar line of business. Hence no separate disclosure has been made for segment reporting as per IND AS 108-Operating Segments.
9. i) The Holding Company has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks has stopped debiting interest on their outstanding debts. After the Holding company has admitted in NCLT, the Lender Banks have submitted their claims to the IRP/RP amounting to Rs 3,62,003.83 lakhs (including interest) out of which claim amounting to Rs. 3,61,778.21 lakhs have been admitted. The company has provisionally accounted for interest from date of categorisation as Non-Performing Asset by lender banks till 30.06.2023 amounting to Rs.1,84,970.04 lakhs out of which interest amounting to Rs 15,002.52 Lakhs has been recognised during the quarter ended June 30, 2023 under the head 'Finance Cost'.

ii) Financial Creditors other than lender banks of the Holding Company have also submitted their claims to RP amounting to Rs.2,03,216.42 lakhs out of which Rs.1,14,120.40 lakhs have been admitted by RP. The Holding Company has provisionally accounted for interest till 30.06.2023 amounting to Rs.17,967.56 lakhs Out of which amounting to Rs.1,731.30 lakhs recognised during the quarter ended June 30, 2023 under the head 'Finance Cost'.

iii) In earlier years, the Holding Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposits taken from M/s Seajuli Developers & Finance Ltd and M/s Woodside Parks Ltd aggregating to Rs. 83,804.25 Lakhs. Under the CIRP, both the companies have submitted their financial claims to the RP. RP has admitted their claim. Hence, the Holding Company has reversed its fair valuation gain in F.Y.2022-23 which was recognised in earlier years under the head 'Other Equity' and correspondingly loan amounting to Rs. 98,592.94 Lakhs is shown as "Borrowings".

iv) Apart from above, claim of M/s EIG (Mauritius) Ltd against Holding Company was admitted by RP as per arbitration award to the tune of Rs. 7,773.61 lakhs which has been recognised in the books as 'Exceptional Item' and consequent interest of Rs. 1150.70 lakhs thereon till 30.06.2023 have also been provided under "Finance Cost".
10. The operational creditors of the Holding Company have also submitted claims to the IRP/RP amounting to Rs.31,563.50 lakhs, out which RP has provisionally admitted claims of Rs.18,247.33 lakhs, as on 21.01.23 but reconciliation thereof with books is under process, which will be taken into records appropriately once reconciliation and settlement with creditors is complete.
11. The Holding Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Holding Company believes that based on the infusion of fresh funds coming to the Holding Company with the Investors support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Holding Company has not recognised further Deferred Tax Assets thereafter on prudent basis.

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12. Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Further, the reconciliation activity by the management of the Holding Company is under process and the effects of the reconciliation activity shall be accounted once the reconciliation process is complete. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of receivables which include Rs.41,269.24 lakhs under arbitration till June 30, 2023 in the normal course of business, hence no impairment has been considered at this stage.
13. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
14. Figures for the previous quarters/periods have been regrouped / rearranged wherever considered necessary.

Ravi Sethia

Ravi Sethia
(Taken on Record)
IBBI/ IPA-001/IP-P01305/ 2018-19/12052
Resolution Professional

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Asim Kumar Burman
Director
DIN No. 02373956

Place : Kolkata
Dated : 10.08.2023

