McNally Bharat Engineering Company Limited
CIN: L45202WB1961PLC025181
Corporate Office: Ecospace Campus 2B 11F/12
New Town Rajarhat North 24 Parganas Kolkata 700 160
Telephone +91 3344591111
Email: mbe.corp@mbecl.co.in Website: www.mcnallybharat.com
Registered Office: 4 Mangoe Lane Kolkata-700001

8th August 2023

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/Madam,

<u>Sub: Dispatch of Annual Report 2022-23</u>
Ref: Compliance under LODR Regulation 34(1)
Scrip Code/Symbol: 532629 / MBECL

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") please find enclosed herewith the Company's Annual Report in respect of the Financial Year 2022-23 including Notice convening the Sixtieth Annual General Meeting ("60th AGM") of its Shareholders at 3.30 p.m. IST on Thursday, 31st August 2023 by video conferencing/ other audio visual means.

The Annual Report has been circulated to the Shareholders today and uploaded on the Company website www.mcnallybharat.com

Kindly take the above in your records and host in your website.

Yours faithfully,
McNally Bharat Engineering Company Limited

INDRANI RAY

Digitally signed by INDRANI RAY
DN: c=IN, o=Personal,
pseudonym=d25bb1b729c30eee07aee6ce6c3d64455d087ecdd7636af32035c5c5327bee59,
2.5.4.20=a57c40b378111919cbd8477d5db8f83a4fa05a765fc0d5a3c7bce87975f602e5,
postalCode=700070, st=WEST BENGAL,
serialNumber=8a0bc7fbf829ec4755677d9698f24d3ba1895042bbfc1aaa7f4dc407e83634c1,
cn=INDRANI RAY
Date: 2023.08.08 17:20:47 +05'30'

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.]

ANNUAL REPORT 2022-23

McNally Bharat Engineering Company Limited

Member Williamson Magor Group

THRIVING ON CHALLENGES

Contents

Board of Directors

THE BOARD OF DIRECTORS

Mr. Aditya Khaitan
Chairman

Mr. Srinivash Singh
Managing Director (till 13th December 2022)

Mr. Asim Kumar Barman
Independent Director &
Chairman- Audit Committee

Mr. Nilotpal Roy
Independent Director

Ms. Kasturi Roy Choudhury
Independent Director

Ms. Arundhuti Dhar
Independent Director (till 3rd August 2022)

CHIEF EXECUTIVE OFFICER

Mr. Srinivash Singh
(Effective 14th December 2022)

CHIEF FINANCIAL OFFICER

Mr. Brij Mohan Soni
(Till 7th September 2022)
Mr. Pradyuman Baidya
(Effective 14th September 2022)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Indrani Ray

REGISTERED OFFICE

4 Mangoe Lane, 7th Floor
Kolkata – 700001
West Bengal, India

CORPORATE OFFICE

Campus 2B, Ecospace Business Park,
11F/12 Rajarhat, New Town
North 24 Parganas
Kolkata – 700160
West Bengal, India

REGISTRAR & TRANSFER AGENT (RTA)

Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor
Kolkata – 700 001
West Bengal, India

INTERIM RESOLUTION PROFESSIONAL

Mr. Anuj Jain, Chartered Accountant
IP Registration No. IBBI/IPA-001/IP-P00142/2017-2018/10306
8th Floor, Building No. 10
DLF Cyber City, Phase II
Gurgaon, Haryana-122002

RESOLUTION PROFESSIONAL

Mr. Ravi Sethia, Chartered Accountant
IP Registration No.IBBI/IPA-001/IP-P01305/2018-2019/12052
8th Floor, Building No. 10
DLF Cyber City, Phase II
Gurgaon, Haryana-122002

STATUTORY AUDITORS

V. Singhi & Associates
Chartered Accountants
Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata – 700 001
West Bengal, India

COST AUDITORS

A. Bhattacharya & Associates
AB-275, Salt Lake City,
Kolkata – 700064
West Bengal, India

SECRETARIAL AUDITORS

A.K. Labh & Co.
Company Secretaries
40, Weston Street, 3rd Floor
Kolkata – 700 013
West Bengal, India

SOLICITORS

Khaitan & Co. LLP
1B, Old Post Office Street,
Kolkata – 700 001
West Bengal, India

Vision & Mission

Vision & Mission Statements

VISION

- We shall be a growth-oriented global organization, delighting our stakeholders through innovation and excellence in all our activities.
- We shall be a learning organization, focused on competence enhancement and people involvement.
- We shall demonstrate high standards of corporate governance and commitment towards environment and society.

MISSION

- Grow continually in terms of the expanding ambit of our business, making forays into newer and newer areas.
- Maintain high standards of quality in all our products and services.
- Employ, develop and retain high standards of human resources.
- Enable and empower our people at all levels to enrich themselves as individuals and as members of a team, guided by a set of standards for accountability & integrity.
- Serve the society within which we operate to enhance the quality of life around.

Notice

NOTICE is hereby given that the Sixtieth (60th) Annual General Meeting of the Members of McNally Bharat Engineering Company Limited will be held at 3:30 p.m. IST on Thursday, 31st August 2023, through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

Background:

The Members are hereby informed that McNally Bharat Engineering Company Limited is under Corporate Insolvency Resolution Process ("CIRP 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 (Registration No. IBBI / IPA-001 / IP-P01305 / 2018-2019 / 12052), appointed by the Kolkata Bench of the Hon'ble National Company Law Tribunal vide Order dated 26thAugust 2022 under the provisions of the Code.

Ordinary Business:

1. To receive, consider and adopt:

(a) The audited financial statement of the Company for the financial year ended 31stMarch 2023, and the Reports of the Directors and the Auditors thereon and

(b) the audited consolidated financial statement of the Company for the financial year ended 31st March 2023 and the Report of the Auditors thereon.

2. To consider non-declaration of dividend on Non-convertible Redeemable Preference Shares for the Financial Year ended 31st March 2023:

In absence of profit for the current year (2022-23), it is considered prudent not to recommend any dividend on Equity Shares for the year under review. Further, in view of accumulated losses, no dividend be rewarded to the Non-convertible Redeemable Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-convertible Redeemable Preference Shares of ₹100/- each.

3. To appoint a Director in place of Mr. Aditya Khaitan (DIN: 00023788) who retires by rotation and, being eligible, offers himself for reappointment, provided that pursuant to Section 17 of the Code, his powers as a Director shall stand suspended during continuation of the CIRP Process.

Special Business:

4. To approve continuation of directorship of Mr. Asim Kumar Barman (DIN 02373956) Non-executive Independent Director beyond the age of 75 years in his current tenure and in this regard, to consider and if thought fit, pass the following resolution as a Special Resolution with or without further modification:

"RESOLVED that pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the applicable provisions, if any, of the Companies Act, 2013 and the applicable Rule(s)/ Regulation(s) made thereunder, including any amendment(s), statutory modification(s) and/or re-enactment thereof for the time being in force, and pursuant to recommendation of the Nomination & Remuneration Committee and the Board of Directors in this regard, consent of the Members be and is hereby accorded to the continuation of directorship of Mr. Asim Kumar Barman (DIN 02373956) as a Non-Executive Independent Director of the Company from the day he attains 75 (seventy-five) years of age i.e. from 16th November 2023 till the expiry of his current second term of 5 years which is valid till 22nd December 2025 on the same terms and conditions as had been approved by the Shareholders at the 57th Annual General Meeting of the Company held in the year 2020;

RESOLVED FURTHER that any member of the Board or Ms. Indrani Ray, Company Secretary or the Resolution profession be and are hereby authorized to do all such acts, deeds and things as may be deemed necessary and expedient in order to give effect to this Resolution.

5. To approve the remuneration of the Cost Auditors for the financial year ending 31st March 2024 and in this regard, to consider and if thought fit, pass the following resolution as an Ordinary Resolution with or without further modification:

"RESOLVED that in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor M/s. A. Bhattacharya & Associates, Cost Accountants, appointed as the Cost Auditor of the Company by the Resolution Professional under the

Notice *(Contd.)*

ongoing Corporate Insolvency Resolution Process ("CIRP")as per provisions of the Insolvency and Bankruptcy Code, 2016 (the Code) in terms of Order dated 29th April 2022 passed by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, for conducting audit of cost accounting records maintained by the Company as applicable, for the financial year 2023-24, the details of which are given in the explanatory statement in respect of this item of business annexed to the Notice convening this Meeting, be and is hereby ratified;

RESOLVED FURTHER that any member of the Board or Ms. Indrani Ray, Company Secretary or the Resolution Professional be and are hereby authorised to take such actions, and execute all such documents as may be deemed necessary and expedient in order to give effect to this Resolution."

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)
Ravi Sethia
Resolution Professional
IP Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

26th May 2023
Kolkata

Indrani Ray
Company Secretary

Notes

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), Secretarial Standard-2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the items of Special Business is annexed hereto.

2. Pursuant to the Circular No. 14/2020 dated 8th April 2020, Circular No.17/2020 dated 13th April 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5th May 2020, Circular No. 02/2021 dated 13th January 2021, Circular No. 02/2022 dated 5th May 2022, Circular No. 10/2022 dated 28th December 2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and a general meeting may be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate at the ensuing 60th Annual General Meeting (60th AGM / AGM) through VC/OAVM.

3. Pursuant to the Circular No. 14/2020 dated 8th April 2020 issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the bodies corporate are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

4. Members participating at the AGM through VC/OAVM will be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.

5. Members seeking any information / clarification with regard to the accounts or any other matter to be dealt at the AGM, are requested to write at mbecal@mbecl.co.in on or before 24th August 2023.

6. All documents referred to in the Notice and Statutory Registers maintained under Section 170 and Section 189 of the Companies Act, 2013, will be available for electronic inspection during the AGM.

7. The relevant details in respect of Directors seeking appointment/re-appointment at the AGM in terms of Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is annexed.

8. In compliance with the aforesaid MCA Circular No. 10/2022 dated 28th December 2022 read with SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode at the email addresses of members as registered with the RTA / Depositories as on 24th August 2023. Members may note that the Notice and Annual Report 2022-23 will also be available at the Company website www.mcnallybharat.com and websites of the Stock

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Exchanges, *viz*. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also the e-voting agency, *viz*. National Securities Depository Limited (NSDL) website at https://www.evoting.nsdl.com.

9. As per Regulation 40 of Listing Regulations, the equity share(s) of the Company can be transferred only in dematerialized form. In view of this and to eliminate risks associated with physical shares, members holding shares in physical form are advised to convert their holdings into dematerialized form.

10. (A) Members holding shares in physical mode are:

- i) required to submit their Bank Account details, E-mail ID and PAN to the Company/ RTA, as mandated by the Securities and Exchange Board of India (SEBI) including the changes therein, if any;
- ii) requested to opt for the Electronic Clearing System (ECS) mode for instant and secured receipt of dividend in future;
- iii) advised to make nomination in respect of their shareholding in Form SH13;
- iv) requested to send their share certificates to RTA for consolidation, in case shares are held under two or more folios;
- v) informed that requests for effecting transfer of shares shall not be processed unless the shares are held in dematerialised form with a Depository; and
- vi) informed that transmission and transposition of shares held in physical or dematerialised form shall be effected only in dematerialised form.

(B) Members holding shares in electronic mode are:

- i) requested to submit their address, Bank Account details, e-mail ID and PAN to respective Depository Participants (DP) with whom they are maintaining their Demat Accounts including the change, if any, as mandated by SEBI; and
- ii) advised to contact their respective DPs for availing the nomination facility.

11. Members may note that registration/ updation of their E-mail addresses with RTA, if shares are held in physical mode, or with their DPs, if shares are held in electronic mode would ensure delivery of all future communications from the Company including Annual Reports, Notices, Circulars, etc., without delay or, as the case may be, loss in postal transit.

12. Members are requested to note that, dividends not claimed for a consecutive period of 7 (seven) years from the date of transfer to Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund ("IEPF") of the Government of India. The shares in respect of such unclaimed dividends are also liable to be transferred to the Demat Account of the IEPF Authority.

In view of this, Members are requested to claim their dividend(s) from the Company, within the stipulated timeline. The Members, whose unclaimed dividend(s)/share(s) have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in prescribed Form No. IEPF-5 available on www.iepf.gov.in.

13. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2012-13 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Thereafter no dividends have been declared by the Company.

14. Members are requested to address all correspondence relating to the shareholding and dividend to the Registrar & Share Transfer Agent (RTA) of the Company i.e. Maheshwari Datamatics Private Limited, Account MBECL, 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001, Telephone: 033 2243-5029/5809, Fax: 033 2248-4787, Website: www.mdpl.in, E-mail: mdpldc@yahoo.com.

However, keeping in view the convenience of the Members, documents relating to shares including complaints/grievances shall also be received at the Registered Office of the Company at 4 Mangoe Lane, Kolkata- 700 001, e-mail: mbecal@mbecl.co.in.

E-Voting:

1. In compliance with the provisions of Section 108 of the Act, the Rules made there under and Regulation 44 of the Listing Regulations, Members are provided with the facility to cast their vote electronically, through remote e-voting services provided through NSDL on all Resolutions set-forth in this Notice.
2. The remote e-voting period will commence on 28th August 2023 at 10:00 a.m. IST and end on

Notice *(Contd.)*

30th August 2023 at 05:00 p.m. IST. The remote e-voting module shall be disabled by NSDL for voting thereafter.

3. During this period, Members holding shares either in physical form or in dematerialized form, as on 24th August 2023 *i.e.* cut-off date, may cast their votes electronically. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

4. Members attending AGM through VC/OAVM facility, who have not cast their votes on the Resolutions through remote e-voting and are otherwise not barred from so voting, shall be eligible to vote through e-voting system during the AGM.

5. The Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM through VC / OAVM but shall not be entitled to cast their votes again.

6. The Company has appointed Mr. Prakash Kumar Shaw (Membership No. ACS 32895, COP No. 16239), Practicing Company Secretary, Kolkata, to act as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

7. Members can join the AGM in VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility for participation at the AGM through VC/OAVM will be made available to 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8th April 2020, 13th April 2020, 5th May 2020, 5th May 2022 and 28th December 2022, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

9. Members are requested to carefully read all the instructions regarding attending the AGM through VC/OAVM, casting votes through remote e-voting and other guidelines / instructions as given below.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING THE ANNUAL GENERAL MEETING ARE ASUNDER:

The remote e-voting period begins on 28th August 2023 at 10:00 a.m. and ends on 30th August 2023 at 5:00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 24th August 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 24th August 2023.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9th December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their Demat Account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their Demat Accounts in order to access e-Voting facility.

Login method for Individual shareholders holding

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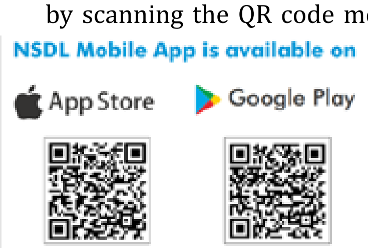
securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under **"Login"** which is available under **'IDeAS'**section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL**and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your 16 digit Demat Account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. 
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will alsobe able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration

Notice *(Contd.)*

	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your Demat Account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon login, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022-4886 7000 and 022-2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can login at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

Notice *(Contd.)*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in Demat Account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in Demat Account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
   - **a)** If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   - **b)** If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   - **c)** How to retrieve your 'initial password'?
     - **(i)** If your email ID is registered in your Demat Account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
     - **(ii)** If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   - a) Click on "**Forgot User Details/Password**?"(If you are holding shares in your Demat Account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   - b) "**Physical User Reset Password**?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat Account number/folio number, your PAN, your name and your registered address etc.
   - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Notice *(Contd.)*

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail at csprakashshaw@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.
2. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. **21st July 2023** may obtain the login ID and password by sending a request at **evoting@nsdl.co.in** or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on **www.evoting.nsdl.com** or call on toll free no. **1800 1020 990 and 1800 22 44 30**. In case of Individual Shareholder holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 21st July 2023 may follow steps mentioned in the Notice of the AGM under Step 1 :"Access to NSDL e-Voting system"(Above).
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in

Notice *(Contd.)*

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the Resolutions set out in this Notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to mbecal@mbecl.co.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to mbecal@mbecl.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e.**Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI Circular dated 9th December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their Demat Account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their Demat Account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentionedfor Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join Meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker and may send their request mentioning their name, Demat Account number/folio number, email id, mobile number at mbecal@mbecl.co.in latest by 5:00 p.m. (IST) on Thursday, 24th August 2023.

6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, Demat Account number/folio number, email id, mobile number at mbecal@mbecl.co.in latest by 5:00 p.m. (IST) on Thursday, 24th August 2023. The same will be replied by the Company suitably.

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Notice *(Contd.)*

8. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
9. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.

Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager, NSDL at evoting@nsdl.co.inor call 1800 1020 990 / 1800 22 44 30.

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 in respect of the items of Special Business set out in the Notice Convening the Meeting:

Item No. 4

Mr. Asim Kumar Barman (DIN 02373956) was appointed as a Non-Executive Independent Director of the Company in terms of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ('the Act') for a period of 5 (five) years effective from 28th September 2015 and reappointed for a second term of 5 years with effect from 22nd December 2020. His second term as an Independent Director is valid till 22nd December 2025.

Mr. Barman shall attain 75 (seventy-five) years of age on 16th November 2023. In terms of the Regulation 17(1A) of SEBI Listing Regulations, consent of the members by way of special resolution is required for appointment or continuation of Directorship of a Non-Executive Director, beyond the age of 75 Years.

Mr. Asim Kumar Barman, I.A.S. (Retired), is a Science Graduate with expertise in Administration, Power & Environment, Urban Governance, Finance & Accounting and General Management. He retired as Chairman of Damodar Valley Corporation (DVC), held posts of Principal Secretary, Department of Environment and Department of Public Health Engineering (Water Supply & Sanitation), Government of West Bengal, Principal Secretary, Department of Health & Family Welfare.

Considering the vast knowledge, acumen, expertise and performance of Mr. Asim Kumar Barman and significant contributions made, the Board of Directors is of the opinion that his continued association would be of immense benefit to the Company. Further, in the opinion of the Board, Mr. Barman fulfils all conditions as specified in the Act and Rules made thereunder and SEBI Listing Regulations, in order to continue the office as an Independent Director of the Company and is independent of the Management.

On the recommendation of Nomination & Remuneration Committee and based on the skills, experience, knowledge and report of performance evaluation of Mr. Asim Kumar Barman (DIN: 02373956), the Board of the Directors on Friday, 26th May 2023 approved the continuation of his directorship as an Independent Director of the Company from the day he attains 75 years of age i.e. 16th November 2023 till the completion of his present term up to 22nd December 2025 without any change in terms and conditions of appointment.

Except Mr. Asim Kumar Barman, none of the other Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise in the Special Resolution set out at Item No. 4.

The Special Resolution is hereby recommended for approval of the Members.

Item No. 5

The Resolution Professional along with the suspended Board of Directors under the ongoing Corporate Insolvency Resolution Process ("CIRP") as per provisions of the Insolvency and Bankruptcy Code, 2016 (the Code) in terms of Order dated 29th April 2022 passed by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, at the Meeting held on 26th May 2023, approved the re-appointment of M/s A. Bhattacharya & Associates, Cost Accountants, as Cost Auditors of the Company, subject to approval(s) as may be necessary, to conduct audit of Cost Records maintained by the Company in respect of products as applicable for the financial year 2023-24 at a remuneration of ₹ 2,00,000/- plus taxes as applicable and reimbursement of out-of-pocket expenses at actuals.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors needs ratification by the Members of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at item no. 5 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending on 31st March 2024.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in the Ordinary Resolution set out at Item no. 5.

The Ordinary Resolution is hereby recommended for approval of the Members.

Notice *(Contd.)*

Information of the Directors offering themselves for appointment / re-appointment, pursuant to the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Mr. Aditya Khaitan(DIN: 00023788)

Name of Director	**Mr. Aditya Khaitan**
Date of Birth	30/01/1968
Qualification	B. Com (Hons)
Expertise in specific functional areas	Industrialist, Entrepreneurship, Management, Accounts & Finance, Leadership, Strategic Planning, etc.
Brief Profile	Mr. Aditya Khaitan hails from a renowned family of industrialists, having interest in diverse business activities. Mr. Khaitan has in-depth exposure to and involvement in steering diverse business and has gained considerable experience and expertise in management, production, marketing, corporate finance and other related areas of tea industry and also in the matter of restructuring, mergers, de-mergers and acquisitions of corporate entities.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	Non-executive Non-independent Director: Kilburn Engineering Limited Williamson Financial Services Limited Managing Director: McLeod Russel India Limited Audit Committee: McLeod Russel India Limited
Relationships between directors *inter-se*	Nil
Shareholding in the Company	Nil

2. Mr. Asim Kumar Barman (DIN: 02373956)

Name of Director	Mr. Asim Kumar Barman
Date of Birth	06/11/1948
Qualification	Science Graduate
Expertise in specific functional areas	Expertise in Administration, Power & Environment, Urban Governance, Finance & Accounting and General Management.
Brief Profile	Mr. Asim Kumar Barman retired from the Indian Administrative Service (WB Cadre) as Chairman of Damodar Valley Corporation (DVC). He held several strategic positions viz. Principal Secretary, Department of Environment and Department of Public Health Engineering (Water Supply & Sanitation), Government of West Bengal, Principal Secretary, Department of Health & Family Welfare.
Listed entities in which the Director also holds directorship and membership of Committees of board of such entities	None
Relationships between directors inter-se	Nil
Shareholding in the Company	Nil

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Ravi Sethia
Resolution Professional
IP Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

Indrani Ray
Company Secretary

26th May 2023
Kolkata

Directors' Report

The Board of Directors and the Resolution Professional (RP) present the 60th Annual Report of the Company together with the Audited Standalone and Consolidated Financial Statements (together "the Financial Statements") and the Auditors Report thereon for the Financial Year ended on 31st March 2023.

CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)

The Company was admitted to Corporate Insolvency Resolution Process ('CIRP') vide Order dated 29th April 2022 pronounced by the Hon'ble National Company Law Tribunal, Kolkata Bench ('NCLT') in the Company Application No. C.P. (IB) No.891/KB/2020 under the provisions of Section 7 of the Insolvency and Bankruptcy Code, 2016 (the 'Insolvency Code').

Mr. Anuj Jain (Registration No. IBBI/IPA-001/IP-P00142/2017-18/10306), Chartered Accountant, was appointed as the Interim Resolution Professional for carrying out the Resolution Process. Vide NCLT Order dated 26th August 2022, Mr. Ravi Sethia (Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052), Chartered Accountant was appointed, as the Resolution Professional to manage the Company's affairs, business, and assets during the Resolution Process.

In terms of the NCLT Order dated 29th April 2022 read with the provisions of Sections 17 to 23 of the Insolvency Code, since the commencement of CIRP, the powers of the Company's Board of Directors and its Committees have remained suspended and are vested with the Resolution Professional.

FINANCIAL HIGHLIGHTS

The Financial Statements for the financial year ended 31st March 2023 forming part of this Annual Report have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Directors' Report *(Contd.)*

The highlights of Standalone Financial Statements are set out below: **₹ in Lakhs**

		Particulars	2022-23	2021-22
(A)	**PROFITABILITY**			
	1	Gross Total Revenue	**27,006.31**	31,556.68
	2.	Total Expenses (except depreciation, amortization and finance costs)	**54,425.97**	34,000.93
	3.	Finance Costs	**193,536.72**	4,660.53
	4.	Depreciation & Amortizations	**396.87**	609.45
	5.	Total Expenses (2+3+4))	**248,359.56**	39,270.91
	6.	Profit/(Loss) before Exceptional/ Extraordinary items	**(221,353.25)**	(7,714.23)
	7.	Exceptional/Extraordinary items	**25,767.49**	-
	8.	Profit/(Loss) before Tax	**(247,120.74)**	(7,714.23)
	9.	Profit/(Loss) after Tax	**(247,120.74)**	(7,714.23)
	10.	Other Comprehensive Income	**9.04**	42.79
	11.	Total Comprehensive Income	**(247,111.70)**	(7671.44)
(B)	**ASSETS & LIABILITIES**			
	1.	Non-Current Assets	**54,123.90**	72,447.06
	2.	Current Assets	**1,55,382.06**	1,82,727.23
	3.	Total Assets (1+2)	**2,09,505.96**	2,55,174.29
	4.	Equity Share Capital	**21,157.08**	21,157.08
	5.	Other Equity	**(3,53,712.41)**	(22,796.45)
	6.	Non-Current Liabilities	**283.28**	15,080.91
	7.	Current Liabilities	**5,41,778.02**	2,41,732.75
	8.	Total Equity & Liabilities (4+5+6+7)	**2,09,505.97**	2,55,174.29

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 ("the Act") the Directors hereby confirm that:

i. in preparation of Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;

ii. they have selected accounting policies which were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2023 and of the profits/losses for the year ended on that date;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a "going concern" basis;

v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The Resolution Professional confirms the Directors' Responsibility Statement as set out above.

PERFORMANCE

The annexed Management Discussion and Analysis forms part of this report and covers, amongst other matters, the performance of the Company during the Financial Year 2022-23 as well as the future outlook.

Directors' Report *(Contd.)*

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34(3) read with Schedule V(C) of the Listing Regulations, the report on Corporate Governance along with the certificate from the Statutory Auditors is attached and forms part of this Annual Report.

TRANSFER TO RESERVE

No amount is proposed to be transferred to General Reserve during the year.

DIVIDEND

In view of prevailing business conditions, the Board of Directors and the Resolution Professional decided not to recommend dividend to the Equity Shareholders for the Financial Year 2022-23. Further, in view of the accumulated losses, no dividend will be rewarded to the Non-Convertible Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-Convertible Redeemable Preference Shares of Rs 100/- each.

BOARD MEETINGS

The Board met 6 (six) times during the Financial Year *ie.*19th April 2022, 30th May 2022, 13th August 2022, 12th November 2022, 13th February 2023 and 30th March 2023.

DIRECTORS

The Shareholders approved by Special Resolution through postal ballot including e-voting, the continuation of appointment of Mr. Nilotpal Roy (DIN00087298) as non-executive Independent Director beyond the age of 75 years in his current tenure valid till 13th February 2025, and not liable to retire by rotation.

At the first Board meeting for the financial year 2022-23 being held today *ie.* 26th May 2023, the Independent Directors have confirmed, as required under sub section (7) of Section 149 of the Act read with Regulation 25(8) of the Listing Regulations, that they meet the criteria of independence required under sub-section (6) of Section 149 of the Act and clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations. The Board, after undertaking due assessment of the veracity of the declaration submitted by the Independent Directors under sub section (6) of Section 149 of the Act read with sub-regulation (9) of Regulation 25 of the Listing Regulations, was of the opinion that the Independent Directors meet the criteria of independence.

Mr. Aditya Khaitan (DIN 00023788) retires by rotation at the forthcoming Annual General Meeting and being eligible, the Directors recommend the re-appointment of Mr. Khaitan as a Director on the Company's Board.

In terms of Regulation 17(1A) of Listing Regulations, the Directors recommend the continuation of appointment of Mr. Asim Kumar Barman (DIN 02373956) as Independent Director on the Company's Board upon attaining 75 years of age on 16th November 2023, in his current term valid till 22nd December 2025.

KEY MANAGERIAL PERSONNEL

As on 31st March 2022, Mr. Srinivash Singh (DIN 00789624) was the Managing Director of the Company. After commencement of Corporate Insolvency Resolution Process under the Insolvency Code, the Committee of Creditors at its first meeting held on 3rd June 2022 had agreed upon re-designating Mr. Srinivash Singh as Managing Director and Chief Executive Officer (MD &CEO). His current office as Managing Director under the Companies Act, 2013 having expired on 13th December 2022, the Committee agreed upon his continuation of office as Chief Executive Officer (CEO) with effect from 14th December 2022. Mr. Srinivash Singh has since been the CEO of the Company.

BOARD COMMITTEES

The Board had 5 (five) committees namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Committee of Directors during the Financial Year 2022-23.

The Board has a defined set of guidelines, duties and responsibilities and an established framework commensurate with the applicable provisions of the Companies Act and Listing Regulations for conducting the meetings of the said Committees. A detailed note on the Board of Directors and its committees, their scope etc. is provided under the Corporate Governance Report section of this Annual Report.

The Corporate Social Responsibility Committee was dissolved on 12th November 2022 as the criteria determining formation of the Committee under Section 135 of Companies Act, 2013 was no longer applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company's Corporate Social Responsibility (CSR) Policy formulated in accordance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 can be accessed on the Company website at the following link: https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL-CSR%20

Directors' Report *(Contd.)*

Policy-%20Revised%202022.pdf .

The Company was not required to spend any amount on CSR activities during the Financial Year 2022-23as it had incurred losses during the 3 (three) immediately preceding financial years.

COMPANY POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION AND SENIOR MANAGEMENT PERSONNEL APPOINTMENT AND REMUNERATION

The Company's Remuneration Policy for the members of the Board, Key Managerial Personnel and Senior Management Personnel formulated in accordance with Section 178 of the Act read with the Regulation 19(4) of the Listing Regulations can be accessed on the Company website at the following linkhttps://www.mcnallybharat.com/assets/pdf/investor/policy/remuneration-policy.pdf .

The salient features of the Remuneration Policy are as under:

Aims & Objectives:

1) The remuneration policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
2) The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.
3) The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Principles of Remuneration

a) Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
b) Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
c) Internal equity: The Company shall remunerate the Board members, KMP and senior management in terms of their roles within the organization. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
d) External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
e) Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
f) Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
g) Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

ENERGY CONSERVATION MEASURES

The Company maintained highly focused energy conservation efforts throughout the financial year.

Energy conservation measures taken during the year included:

(i) routine steps like strict control and monitoring the consumption of energy on a continual basis;

(ii) preventive maintenance of machines like AC units, DG sets etc. resulting in optimal usage of electrical parts;

(iii) installation of LED lamps extensively across all sections of the Head Office and Sites, including flood lights;

(iv) Installation of several energy saving equipment progressively throughout the year.

Operational measures included setting of benchmarks with respect to the current year with targets for increased savings, initiatives by energy conservation committees comprising of cross functional groups, close monitoring

Directors' Report *(Contd.)*

and performance evaluation of plant and machinery by conducting regular self-audit and upgradation of equipment used at the sites.

Some of the actions planned for next year include replacement of remaining conventional lamps with energy efficient LED lamps.

FOREIGN EXCHANGE EARNINGS & OUTGO

During the Financial Year 2022-23, the foreign exchange earnings of the Company amounted to ₹ 397.13 as against ₹ 321.60 Lakhs in the previous year. The expenditure in foreign exchange during the Financial Year was ₹ Nil compared to ₹ 1.42 Lakhs in the previous year.

AUDITOR AND AUDITOR'S REPORT

At the 58th Annual General Meeting of the Company held in year 2021, the Shareholders had approved the appointment of M/s. V. Singhi and Associates, Chartered Accountants (Firm Registration Number 311017E) as the Statutory Auditors of the Company to hold office for 5 (five) consecutive years from the conclusion of the 58th Annual General Meeting till the conclusion of the 63rd Annual General Meeting.

The Report of Auditors contains adverse opinion on the Standalone Financial Statements to which clarification of the Board is furnished hereunder:

Sl. No.	Adverse opinion	Board's clarification
1	**a) Current Assets and Capital Work-in-Progress** i. We draw attention to Note 50 to the Standalone Financial Statements 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. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us. ii. Claims Recoverable (BG encashed) amounting to ₹ 36,252.08 Lakhs, including ₹13,690.09 Lakhs under arbitration are doubtful. 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 ₹ 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.	Recoverability of Trade Receivables, Other Financial Assets and Other Current Assets, including Claims recoverable depends upon the outcome of Arbitration Orders and confirmation / reconciliation with parties as stated in Note No. 50. Therefore, adjustments / impact with respect to these are currently not ascertainable.
2	**b) Non-adjustment of the Carrying Value of Loans** 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 has stopped recognizing interest income on the same. In absence of any further communication between the Company and VSPL made available to us, we are unable to comment on the realisability 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 Instruments".	In the absence of any further communication with Vedica, the Company is unable to estimate the impact.

Directors' Report *(Contd.)*

Sl. No.	Adverse opinion	Board's clarification
3	**c) Recognition of Deferred Tax Assets** Note 7 to the Standalone Financial Statements mentions that the Company had recognized deferred tax assets of ₹ 51,706.60 lakhs up to 31st March, 2018, which is being carried forward in the books by the Company expecting adequate future taxable profits after infusion of fresh funds in the Company by the successful Resolution Applicant against which such deferred tax assets would 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 31st March, 2023. This constitutes a material departure from the requirements of Indian Accounting Standard 12 "Income Taxes".	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.
4	**d) Change in Accounting Estimates and Errors** Note 39 to the Standalone Financial Statements, states that the Company has not restated the Standalone Financial Statement of previous year in which the accounting mistakes/ misstatements occurred. Further, as explained to us, the Company has not approached "National Company Law Tribunal" (NCLT) as per the provisions of sections 131 of the Companies Act 2013, which require prior approval of NCLT for recasting of earlier period financial statements.	The Company had been categorized as Non-Performing Asset by the lender banks and majority of banks stopped debiting interest on their outstanding debts. Accordingly, the Company has not recognized interest expense on the borrowings. On initiation of Corporate Insolvency Resolution Process (CIRP) and subsequent submission of claims by lender banks, the company has provided interest for prior period also. However, retrospective reinstatement is impracticable under the circumstances.

SECRETARIAL AUDITORS

In accordance with the provisions of Section 204 of the Companies Act 2013, M/s. A. K. Labh & Co., Company Secretaries, were appointed as the Secretarial Auditors of the Company for the Financial Year ended on 31st March 2023.

The Secretarial Audit Report for the Financial Year 2022-23 submitted by the Secretarial Auditors contains audit qualifications to which Management response has been duly furnished. The Secretarial Audit Report is annexed and forms part of the Annual Report.

The certificate from the Practicing Company Secretary pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the Listing Regulations with respect to non-disqualification of Directors of the Company as on 31st March 2023 is also annexed and forms part of the Annual Report.

SECRETARIAL STANDARDS

During the year, the Company has complied with applicable Secretarial Standards.

COST RECORDS & COST AUDITORS

During the Financial Year, the Company has maintained cost records in accordance with Section 148 of the Companies Act, 2013 read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 as specified by the Central Government in this regard.

M/s A. Bhattacharya & Associates, Cost Accountants (Firm Registration No. 100255) has been appointed the Cost Auditor of the Company to audit the cost records for the Financial Year 2022-23 as required under Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

Directors' Report *(Contd.)*

RELATED PARTY TRANSACTIONS

The contracts, arrangements and transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and were on arm's length basis. During the year, there has been no materially significant related party transaction made by Promoters, Directors, Key Managerial Personnel (KMP) of the Company which may have a potential conflict of interest with the Company at large.

The particulars of contracts or arrangements with related parties, referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2 is enclosed as *Annexure 1* which forms part of this Report.

The Policy on Related Party Transactions approved by the Board can be accessed on the Company website at the https://www.mcnallybharat.com/assets/pdf/investor/policy/related-party-transaction-policy.pdf

The details of Related Party Transactions are set out in Note No. 26 to the Standalone Financial Statement.

EXTRACT OF ANNUAL RETURN

In accordance with Section 92(3) of the Companies Act, 2013 read with rules made thereunder, the Annual Return of the Company in Form MGT-7 has been placed on the Company website at the link https://www.mcnallybharat.com/assets/pdf/investor/annual-return/Draft%20Annual%20Return%202022-23.pdf

LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees, securities and investments made by the Company during the Financial Year 2022-23, along with the purpose for which such loan or guarantee or security is utilized/proposed to be utilized are provided in Note Nos. 12 and 5 of the accompanying Standalone Financial Statements.

DEPOSITS

During the Financial Year 2022-23 the Company did not accept any deposits from the public.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

In accordance with Section 177(9) of the Act and rules framed thereunder read with Regulation 22 of the Listing Regulations, the Company has a Whistleblower Policy in place for its Directors and Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

The Policy provides for protected disclosures for the Whistleblower. Disclosures can be made through e-mail or letter to the Whistle Officer or to the Chairperson of the Audit Committee.

The Whistleblower Policy can be accessed on the Company website at the link https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL-Whistleblower%20Policy-Revised%202022.pdf

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a policy for prevention of sexual harassment at the workplace, which can be accessed on its website at https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL%20Policy%20for%20Prevention%20of%20Sexual%20Harassment%20(UPDATED).pdf In accordance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act") and rules made thereunder, the Company has constituted an Internal Complaints Committee (ICC).

During the Financial Year 2022-23, the ICC did not receive any complaint. The Company has filed necessary returns as required to be filed under the POSH Act.

SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

In terms of NCLT Order dated 24th February 2023 passed under section 31 of the Insolvency & Bankruptcy Code, 2016 in the matter of McNally Sayaji Engineering Limited, the company ceased to remain a subsidiary of McNally Bharat Engineering Company Limited as on 31st March 2023.

As on 31st March 2023, the Company had only 1 (one) Indian subsidiary company namely, McNally Bharat Equipments Limited and 2 (two) overseas subsidiaries, namely, (i) MBE Mineral Technologies Pte Limited and (ii) MBE Minerals Zambia Limited.

The Company is the Lead Partner in the following 3 (three) Joint Ventures namely:

- McNally-AML (JV)
- McNally-Trolex (JV)
- McNally-Trolex-Kilburn (JV)

During the year under review, the Board of Directors reviewed the applicability of "material subsidiaries" in accordance with Regulation 16 read with Regulation 24 of the Listing Regulations.

CONSOLIDATION OF ACCOUNTS

In accordance with Section 129(3) of the Act, the Company, in respect of the Financial Year ended 31st March 2023 has prepared, in addition to the Standalone Financial Statements of the Company, the Consolidated Financial Statements of the Company and its subsidiaries, which form part of the Annual Report. Further, the report on the performance and financial

Directors' Report *(Contd.)*

position of each of the subsidiaries and joint ventures and salient features of their financial statements in the prescribed Form AOC-1 is annexed to the Financial Statements of the Company and hence are not repeated here for the sake of brevity.

Information pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014 regarding financial highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company during the period under report is given hereinbelow:

Figure in ₹ Lakhs

Sl. No.	Subsidiary Companies	Business Activities	Turnover	Profit/ (Loss)
1	McNally Bharat Equipments Limited	Project management consultant for revamping Gujarat Mineral Developments Corporation Limited (GMDC)'s existing fluorspar beneficiation plant at Kadipani.	130.60	8.37
2	MBE Mineral Technologies Pte Limited	There was no business activity during the period under review.	-	-
3	MBE Minerals Zambia Limited	There was no business activity during the period under review.	-	-

Further, in accordance with Section 136 of the Act, the audited Financial Statement, including the Consolidated Financial Statement and related information of the Company and audited financial statements of its subsidiaries are available on the Company website www.mcnallybharat.com, in a downloadable format.

DIRECTORS & KMP REMUNERATION

All the Directors of the Company are Non-executive Directors and majority are Independent Directors.

a) the ratio of the remuneration of each Director to the median remuneration of employees during the Financial Year:

Name of Director	Remuneration ₹ in Lakhs	Ratio to median remuneration
Mr. Srinivash Singh- Managing Director*	219.96	78.87:1

*Ceased to be Managing Director w.e.f. 14th December 2022.

b) the percentage increase in remuneration of each Director, CFO,CEO,CS or Manager, if any, in the Financial Year:

Sl No.	Name	Total Remuneration 2022-23 ₹ in Lakhs	Total Remuneration 2021-22 ₹ in Lakhs	Percentage Increase/ (Decrease)
1	Managing Director (Note 1)	154.33	201.84	N/A
2	Chief Executive Officer (Note 2)	65.63	-	N/A
3	Chief Financial Officer (Note 3)	29.11	64.17	N/A
4	Chief Financial Officer (Note 4)	34.49	-	N/A
5	Company Secretary	38.21	12.69	N/A

Note 1: Mr. Srinivash Singh was the Managing Director till expiry of his 3-year term on 13th December 2022. He was an Executive Director.

Note 2: Effective 14th December 2022 Mr. Srinivash Singh is the Chief Executive Officer without being on the Company's Board.

Note 3: Mr. Brij Mohan Soni was the Chief Financial Officer till 7th September 2022.

Note 4: Mr. Pradyuman Baidya was appointed Chief Financial Officer w.e.f 14th September 2022.

c) the percentage decrease in the median remuneration of the employees in the Financial Year 2022-23 was 40.78%;

d) the number of permanent employees on the rolls of the Company as at the end of the Financial Year was 190;

It is hereby affirmed that the remuneration of Directors and Key Managerial Personnel are as per the Remuneration Policy of the Company.

Directors' Report *(Contd.)*

INTERNAL FINANCIAL CONTROL SYSTEMS AND RISK MANAGEMENT SYSTEMS

Compliance of Internal Financial Controls and Risk Management Systems are given in the Management Discussion & Analysis.

BOARD EVALUATION

The scope of Board Evaluation during every financial year includes the performance evaluation of the Board of Directors as a whole, individual members and functional committees thereof. The Company being subject to the Corporate Insolvency Resolution Process vide NCLT Order dated 29th April 2022, the Board of Directors was suspended with immediate effect under Section 17 of the Insolvency Code and hence, no Board Evaluation was conducted during the year 2022-23.

OCCUPATIONAL HEALTH & SAFETY

McNally Bharat Engineering Company Limited is an Occupational Health, Safety & Environment Management System (ISO 45001: 2018, ISO 14001: 2015) certified company with a brief scope of project management, design, manufacturing, supply, construction, erection & commissioning of industrial and infrastructure development projects on turnkey basis and construction of industrial and infrastructure development projects.

The Company is committed to Occupational Health, Safety &Environment (OHS&E) and capable of meeting the national and international OHS&E requirements. In line with the said OHS&E requirement, the organization has a consolidated OHS&E Management System Manual with risk assessment, legal requirement review, periodic audit, training, inspection, incident reporting or investigation and other operational procedures to ensure OHS&E compliance at the Company's Projects and O&M sites.

There exists a system of regular updating through 'Daily OH&S Message' via email to all users of the Company in order to create awareness on OH&S requirements at its workplaces. There is a common sharing in-house intranet webpage ("MBE Bridge") containing OHS&E policy, manual, different operational control procedures, checklists, rewards/certificates and training models for employees to access. The organization focused on Employee 'Health & Safety' awareness training through online or offline mode and conducted several online training on Job Safety Analysis (JSA), Risk Assessment, Behavior Based Safety (BBS), Process Safety Management (PSM), Contractor Safety Management and Industrial best safety practices in addition to regular training modules (ie. in-house or by external agencies) during the Financial Year 2022-23.

The Company constantly strives to achieve 'Zero Fatality or Environmental Harm' and in order to bring it into reality, sets target to reduce Total Reportable Incident Rate (i.e. TRIR which was 0.76 in the Financial Year 2012-13 came down to 0.25 in 2022-23). This low incident rate in EPC Company shows a sustainable improvement in Occupational Health, Safety & Environment Management System compared to other EPC firms in India.

The Company had taken many preventive measures on the spread of COVID-19 at office and jobsites, so as to control coronavirus infections among employees and service partners. Initiatives like, following State/Central Government guidelines/protocols relating to COVID-19 (ie. restrictions in duty hours, social distancing, thermal checking, wearing of 3-layered nose mask & hand sanitization etc.), weekly basis office sanitization, vaccination to all employees at office and rapid testing of all site based employees were highly appreciated by many customers.

AWARDS AND RECOGNITION

In recognition of Company's excellence in Safety Measures at Project sites, eminent customers/clients namely, Bharat Petroleum Corporation Limited (BPCL), NTPC Limited, West Bengal Power Development Corporation Limited (WBPDCL), Tata Power Limited (TPL), HPCL-Mittal Energy Limited (HMEL), Hindustan Zinc Limited (HZL, Vedanta Group) and Coal India Limited (CIL) had conferred 'Merit Certificate' or 'Certificate of Appreciation'.

The Company successfully maintained LTI (Loss Time Injury) free records at prestigious project sites, namely, Zawar Mines (ZM), Sindesar Khurd Mine (SK Mine) & Rampura Agucha Mine (RAM) of Hindustan Zinc Ltd, Delhi Metro Rail Corporation (DMRC)-Kochi, Directorate General for Married Accommodation Project (DG MAP) (Udhampur and Srinagar), Chennai Petroleum Corporation Limited (CPCL)-Chennai, Adani Infrastructure Management Services Ltd. (Rajasthan), Adani Enterprises Limited (Chhattisgarh), Odisha Coal and Power Limited (OCPL) and Andhra Pradesh Power Generation Corporation Limited (APGENCO).

The Company won 5-Star rating on Safety Management System Audit at HMEL Bhatinda (Coal Handling System-O&M) site for Best Safety Performance.

The Company was also conferred upon national and international awards for Best Safety Performance at Project sites which testifies a robust and sustainable occupational health & safety culture within the organization:

Directors' Report *(Contd.)*

Project Sites	Award	Year	Awarded by
NTPC Bongaigaon (Coal, Lime & Gypsum Handling Package) NTPC Limited	National Safety Award (Mines)	2012	Ministry of Labour & Employment, Government of India
ACC Jamul (Cement Plant) ACC Limited	National Safety Award (Mines)	2015	Ministry of Labour & Employment, Government of India
TPL Kalinganagar (3x67.5MW Gas Based Thermal Power Plant Project) Tata Projects Limited	National Safety Award (Mines)	2014	Ministry of Labour & Employment, Government of India
IISCO Burnpur, (RHMS, By Product & Water Package), Steel Authority of India Limited	RoSPA Health & Safety Awards	2013	The Royal Society for the Prevention of Accidents, UK
Rourkela Steel Plant (Stock house, new CHP & Inter Plant), Steel Authority of India Limited	RoSPA Health & Safety Awards	2013	The Royal Society for the Prevention of Accidents, UK
Balance of Plant (BOP), Satpura Thermal Power Station, Madhya Pradesh Power Generation Company Limited (MPPGCL).	RoSPA Health & Safety Awards	2014	The Royal Society for the Prevention of Accidents, UK
2x500MW Sagardighi Thermal Power Plant, CHP, Phase#2, West Bengal Power Development Corporation Limited (WBPDCL)	RoSPA Health & Safety Awards	2014	The Royal Society for the Prevention of Accidents, UK

SIGNIFICANT & MATERIAL ORDERS

During the Financial Year 2022-23, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

MATERIAL CHANGES & COMMITMENTS

The corporate insolvency resolution process which had commenced vide NCLT Order dated 29th April 2022 under the Insolvency and Bankruptcy Code 2016 had come to an end on 22nd April 2023 on completion of the period stipulated under the Code. The Resolution Professional filed on application bearing IANo. 848/KB/2023 before the Hon'ble NCLT seeking extension of the CIRP period. The IA was heard on 19th May, 2023 and the order referred by the Hon'ble Tribunal.

The complaint Resolution plans having received from the Resolution Applicant efforts are being taken by the Resolution Professional to submit the same for approval of the appropriate authority under the Code.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with sub-rule(2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed and forms part of this Report.

CAUTIONARY STATEMENT

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis. These statements are relevant on the date of this Report. We have no obligation to update or revise these statements, whether as a result of new information, future developments or otherwise. Therefore, undue reliance should not be placed on these statements.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all employees for their commitment, dedication and co-operation. The Board would also like to thank all the customers, investors including Banks and other business associates who have extended valuable support and encouragement.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)
Ravi Sethia
Resolution Professional
Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

26th May 2023
Kolkata

Asim Kumar Barman
DIN: 02373956
Director

Kasturi Roy Choudhury
DIN 06594917
Director

Directors' Report *(Contd.)*

McNALLY BHARAT ENGINEERING COMPANY LIMITED

Details of Remuneration of Managerial Personnel pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the financial year ended 31st March 2023

(I) List of top ten employees of the Company in terms of remuneration:

Sl. No.	Name of the Employee	Age (Yrs)	Designation/ Nature of duties	Gross Remuneration (₹ in Lakh)	Qualification(s)	Experience (in years)	Date of Commencement of Employment	Particulars of previous employment
1	Srinivash Singh	77	Chief Executive Officer	219.96	CWA, CS, LLB	58	Dec-2016	Furnace Fabrica India Limited
2	Sukalyan Sarkar	49	Senior Vice President, SCM	52.53	B.E.(Mechanical), GDMM, MBA	27	Mar-2021	JP Steel Plantech Privaet Limited
3	Arindam Sarkar	69	President. Engineering & Construction	46.12	B.E. (Civil)	48	Apr-2017	Furnace Fabrica India Limited
4	Rabindranath Roy	56	President Construction	46.08	B.E. (Civil)	33	Apr-2017	Furnace Fabrica India Limited
5	Asis Kumar Bhattacharjee	67	President. Electrical, Instrumentation & Solar	43.03	B.E.(Electrical), Dr. in Engineering Mgt.	45	Apr-2017	Furnace Fabrica India Limited
6	Ranjan Das	55	Vice President, Civil & Structural	41.91	B.E-Civil	33	Dec-1992	Martin Burn Limited
7	Indrani Ray	52	Company Secretary	38.21	B.Com., CA, CS	30	Dec-2021	EIH Limited, The Oberoi Group
8	V. Ramesh	54	Associate Vice President. Construction	37.98	B.E. (Civil)	29	Dec-2004	Development Engineering Corporation Private Limited
9	Ashoke Kumar Bose	68	President. Engineering	37.62	M.E. (Mechanical)	44	Dec-2020	First Employment
10	Pradyuman Baidya	59	Chief Financial Officer	34.49	B.Com., CA	33	Sep-2009	Simplex Infrastructures Limited

Directors' Report *(Contd.)*

(II) Statement showing names of employees who are in receipt of remuneration ₹ 1.02 Crore or more, if employed throughout the year or ₹ 8.5 Lakh or more per month, if employed for part of the financial year.

Sl. No.	Name of the Employee	Age (Yrs)	Designation/ Nature of duties	Gross Remuneration (₹ in Lakh)	Qualification(s)	Experience (in years)	Date of Commencement of Employment	Last Employment held
1	Srinivash Singh	77	Chief Executive Officer	219.96	CWA, CS , LLB	58	Dec-2016	Furnace Fabrica India Limited

Notes:

1. Mr. Srinivash Singh was appointed Chief Executive Officer w.e.f. 14th December 2022 on expiry of his term as Managing Director on 13th December 2022.
2. Mr. Pradyuman Baidya was appointed as Chief Financial Officer w.e.f. 14th September 2022 on resignation of Mr. Brij Mohan Soni on 7th September 2022.
3. No employee listed above is related to any Director of the Company.
4. No employee listed above holds by himself/herself or alongwith his/her spouse and dependent children 2% or more of the Equity Shares of the Company.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)
Ravi Sethia
Resolution Professional
Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

26th May 2023
Kolkata

Asim Kumar Barman
DIN: 02373956
Director

Kasturi Roy Choudhury
DIN 06594917
Director

Directors' Report *(Contd.)*

Annexure 1

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2023 which were not arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of the contracts	Salient terms of the contracts or arrangements or transactions including the value:	Date of approval by the Board:	Advance from Customers: ₹ In Lakhs
1	McNally AML (JV) Dipka	South Eastern Coalfields Limited has awarded a contract to McNally-AML (JV) at Dipka, Chattisgarh, monetary value of ₹ 179 Crore plus applicable GST. McNally Bharat Engineering Company Limited (MBECL) is 98% shareholder in the said Joint Venture. The JV shall place the order to MBECL at ₹ 175.42 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBECL.	24 Months	The Company is a lead partner, having 98% participation share in the Joint Venture.	14-Aug-21	-
2	McNally AML (JV) Ananta	Mahanandi Coalfields Limited has awarded a contract to McNally-AML (JV) at Ananta, at Jagannath Area of Talcher Coalfields, monetary value of ₹ 236 Crore plus applicable GST. MBECL is 97% shareholder in the said Joint Venture. The JV shall place the order to MBECL at ₹ 231.28 Crore which is 2% below the contract awarded by Mahanandi Coalfields Limited. The Contract has to be executed on back to back basis by MBECL.	15 Months	The Company is a lead partner, having 97% participation share in the Joint Venture.	14-Aug-21	769.02
3	McNally Trolex (JV) Chhal	South Eastern Coalfields Limited has awarded a contract to McNally-Trolex (JV) at Chhal, Chhattisgarh, monetary value of ₹ 147 Crore plus applicable GST. MBECL is 96% shareholder in the said Joint Venture. The JV shall place the order to MBECL at ₹ 144.06 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBECL.	24 Months	The Company is a lead partner, having 96% participation share in the Joint Venture.	14-Aug-21	462.02
4	McNally Trolex (JV) Baroud	South Eastern Coalfields Limited has awarded a contract to McNally- Trolex(JV) at Baroud, Raigarh Area, monetary value of ₹ 183.5 Crore plus applicable GST. MBECL is 97% shareholder in the said Joint Venture. The JV shall place the order to MBECL at ₹ 179.83 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBECL.	24 Months	The Company is a lead partner, having 97% participation share in the Joint Venture.	14-Aug-21	-

Directors' Report *(Contd.)*

Sl No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of the contracts	Salient terms of the contracts or arrangements or transactions including the value:	Date of approval by the Board:	Advance from Customers: ₹ In Lakhs
5	McNally Trolex Kilburn (JV) Sardega	Mahanandi Coalfields Limited has awarded a contract to McNally-Trolex-Kilburn (JV) at Sardega, Mahalaxmi Area, monetary value of ₹ 264.14 Crore plus applicable GST. MBECL is 80% shareholder in the said Joint Venture. The JV shall place the order to MBECL at Rs. 258.86 Crore which is 2% below the contract awarded by Mahanandi Coalfields Limited. The Contract has to be executed on back to back basis by MBECL.	15 Months	The Company is a lead partner, having 80% participation share in the Joint Venture.	14-Aug-21	303.14
6	McNally Bharat Equipments Limited	Gujarat Mineral Developments Corporation Limited (GMDC) has awarded a contract to McNally Bharat Equipments Limited as project management consultant for revamping Gujarat Mineral Developments Corporation Limited (GMDC)'s existing fluorspar beneficiation plant at Kadipani. Scope of work – Back Office Engineering, Site supervision support, Procurement support for new equipment & accessories, Estimated project value is ₹ in 3.91 Cr.	12 Months	The Company is a lead partner, having 90% participation share in the Consortium Agreement with McNally Bharat Equipments Limited	12-Nov-22*	58.44
7	McNally Sayaji Engineering Limited (MSEL)	Reimbursement of Software Licence Cost incurred by the Company on behalf of MSEL during the Financial Year 2022-23	12 Months	The Company uses Oracle EBS License, Oracle Database and Oracle Cloud Infrastructure for their ERP requirements. Prior to CIRP, the licence for this software was shared with its erstwhile subsidiary MSEL.	30-Mar-23*	-

**The Company being under Corporate Insolvency Resolution Process as per NCLT Order dated 29th April 2022, related party transactions entered into during the financial year 2022-23 were approved by the Committee of Creditors in accordance with Section 28 of the Insolvency and Bankruptcy Code, 2016.*

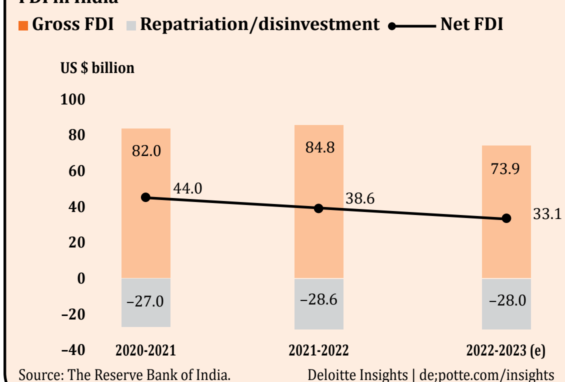
For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)
Ravi Sethia
Resolution Professional
Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

	Asim Kumar Barman	**Kasturi Roy Choudhury**
26th May 2023	DIN: 02373956	DIN 06594917
Kolkata	*Director*	*Director*

Management Discussion and Analysis

FDI investments have been modest due to monetary policy tightening by industrial countries and a shortage of global liquidity

FDI in India

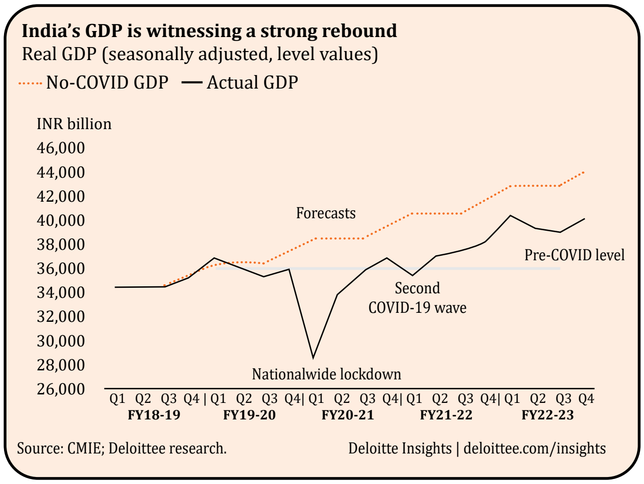


INDUSTRY STRUCTURE AND DEVELOPMENTS:

The world has been an unstable place since the pandemic struck. The war in Ukraine and Russia continues and the threat of a Chinese invasion on Taiwan has spread an atmosphere of fear over the South China Sea (Dominguez, 2023). We saw the Srilankan economy face bankruptcy, the President ousted and public rampage on the properties of the President. Srilanka is unable to pay the foreign debt. IMF has come forward and supported in this time of crisis, however, the problem is far from being resolved. Inflation has been sky high in Srilanka as the economy struggles (Perera, 2023). Pakistan has entered a state of political instability with the military trying to take control of the nation. However, at the root of this is an economic crisis (Mohan, 2023). Afghanistan is witnessing a famine and extreme poverty under the Taliban regime (Nations, 2023).

With most of our neighbours facing turmoil, India looks much better with a projected 5.7% to 6.3% growth in GDP in 2023-24. However, two other threats hover over the business environment. First is the liquidity crisis as a result of the series of global bank crisis. The second is the climate risk. The World Bank reports that we may witness a lost decade due to this ebb in global business. Deloitte reports that three elements ail investments in India i.e slowdown in global economy and trade, rising geo-political uncertainties and the shifting energy landscape (Majumdar, 2023). Tackling these would be challenging during the current fiscal. The silver lining is that Non-performing loans have been decreasing over the year. This can help ease the credit lending to attract investments, during the liquidity freeze globally. Infrastructure spending will be the second area of growth in the economy. The third area will be encouraging manufacturing through schemes like production-linked incentive etc. as well as services sector.

Management Discussion and Analysis *(Contd.)*



Source: CMIE; Deloittee research.

The Company has been operating in this environment and there are opportunities for the Company even in this scenario.

COMPETITIVE ADVANTAGES, STRENGTHS & WEAKNESSES, THREATS & OPPORTUNITIES

COMPETITIVE ADVANTAGES:

1. *Technology & Intellectual Property* – In sectors like Bulk Material handling, mineral beneficiation and ash handling, the Company has its own technology in terms of basic and detail design. In sectors like Steel, Cement, Ports and Power plants, it works with technology suppliers and has in-house capability to scale up to handle large expansions and green field projects.

2. *Culture* - The Company has been one of the great places to work for employees in Eastern India. Its culture gives an environment to intellectuals and professional enabling minds to grow and create. It has a history of creating innovative products in bulk material handling, mining equipment and mineral processing areas possible out of its strong human capital synergy. The Company has been in construction sector, but driven by technology and engineering, where young engineers are given freedom to learn and grow.

3. *Innovation & Technology absorption*- The Company has its own proprietary designs for equipment and for process. It has more than 55 years' experience in manufacturing various mining, port handling, cement mill machinery and processing equipment and has manufactured many stacker reclaimers, bucket wheel excavators, spreaders etc. It indigenized the port cranes and mining equipment, dropping the costs in the country by 50% for these equipment from those when these were imported and designed abroad. In the recent coal handling projects, the Company once again exhibited this power by designing and supplying centre discharge paddle feeders for Coal bunkers, both with hydraulic and electric drives. It is working on scaling up its capacity of stacker reclaimers and wagon tipplers.

4. *Project References & project management* - Company's long presence in executing projects more than 500 nos. most of which are in record time brings in customers confidence. It is endowed with a strong project management team and processes. The Company has developed its in-house method of agile execution and pre- and post tender project risk management system.

STRENGHTS:

1. *Resource Mobilization* - Ability to deploy resources all over India to execute large scale projects in sectors like power, steel, cement etc. with multidisciplinary engineers, supervising personnel and highly skilled or semi-skilled workmen.

2. *Supply Chain Partners & Vendor Development* - Large vendor base for construction material and equipment supply for last few decades working as partners. Even in the financially constrained times, these partners have stayed with the Company. The Company has existed for last 6 decades and such business partners have been created through a continuous vendor development process. The Company has a strong vendor development process in place.

3. *Quality & Safety* - In-house NABL accredited QA laboratory and a QA/QC department with highly qualified and experience engineers. It has its in-house Quality assurance and safety teams.

WEAKNESSES:

1. The Company lacks finance and bank guarantee support for participating in public sector tenders considering the ongoing insolvency process. To tackle this it is exploring alternative methods of security for its clients. In Coal India contracts, the projects were secured with cash deposits instead of bank guarantees. The growing surety bond acceptance in tenders could also be a relief.

2. The Company lost its manufacturing units which were owned by its wholly-owned subsidiary McNally Sayaji Engineering Limited. To overcome this, the Company is strategizing manufacturing partners and has a blueprint to rebuild its in-house manufacturing capability.

Management Discussion and Analysis *(Contd.)*

THREAT:

Effective 29th April, 2022, a Corporate Insolvency Resolution Process (CIRP) has been initiated against the Company, under the provisions of the Insolvency & Bankruptcy Code, 2016. This has posed a threat to the survival of the Company. However, a fast and agile Resolution Professional team with help of lenders has enabled it to overcome this threat and hopes for a resolution through NCLT as a going concern within the current financial year.

OPPORTUNITIES:

1. The Company has an open playing field as most of its competitors are weak or vanquished with a handful of players in EPC market space.
2. Huge infrastructure growth in India is expected wherein the Company shall play a major role as an engineering and technology house.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

The Company is engaged in turnkey projects in core sector and related manufacturing activities. Following the financial stress experienced in the past 6 years, the Company dissolved its strategic business units and restructured into departments. However, with the Company witnessing a ray of light recovering through the NCLT process, the various segment wise outlook are given below.

Bulk Material Handling

The Company secured ₹ 1100 Cr. orders in 2021 and has an order backlog of ₹ 600 Cr. from 5 coal handling plant projects at SECL and MCL all of which are expected to be commissioned in the current year. It has received enquires in pipe conveyors and belt conveyors. It has also received enquiries for 12 stacker reclaimers from Oman, Mozambique, Odisha and Chhattisgarh based clients. The Company has its own range of equipment and for larger machines is in dailogue with its technological partners. It has also received enquiries in Ash handling and pneumatic conveying of lime for which it is in discussion with clients.

Steel

With 120 Million Tons production, India is second largest producer of crude steel in the world. A recent report by PTI (PTI, 2022), highlights how technology in washing minerals will be critical for making the country self-reliant. The Company has technology in coal washeries and this shall be a critical area in the coming fiscal. It helps clients to optimize yield in these plants and extract lost ore from tailings. The CPSEs will add 18 Million Tonnes while Private sector will add 95 Million Tonnes the report says. JSW is adding 14.8 Mil T in Dolvi (Maharastra), Vijaynagar and Jharsuguda. Tata Steel is adding 5 Mil T in Kalinganagar, JSPL is adding 6 Mil T in Angul. Most of these expect commissioning by 2024. Tata Steel will be 25 Mil T after its Kalinganagr expansion and wants to become 40 Mil T by 2030, JSW wants to become 50 Mil T by 2030. JSPL aims at 50 Mil T by 2030. With its experience in Sinter Plant, Raw Material handling, Coke Oven By Product Plant etc, the Company is poised to cater to this expansion.

Cement

McNally Bharat is the only company to have executed an EPC project in cement sector for ACC Jamul, now under the Adani group of companies. The land mark project has attracted enquiries from Jindal Panther Cement for their 2.5 Mil T expansion. JSW has a plan to invest ₹ 3200 Cr. Birla Corp wants to expand to 30 Mil T from 20 Mil T with a capital layout of ₹ 2700 Cr. The Company aims to participate in turnkey projects and exhibit execution in record time for its select customers. It shall be a strategic priority sector along with steel.

Ports

Ports have been growing silently in India. Currently 12 major ports operate in India handling 720 MT traffic. The capacity of major ports have doubled since 2014 till date. The PPP mode is gearing up with the Government having a plan for 44 projects in pipeline with an investment of ₹ 22,900 Crs. The Company has received enquiries from Vizag port for ELL cranes and major bulk material handling equipment from JPPL. The Company expects to play a major role in this growth with its experience in port cranes, bulk material handling and shipyard equipment.

Power

The Company has executed several balance of plant (BOP) projects and expects to execute work in building captive power plants of major steel plant players. With its BOP experience it can build coal handling, ash handling, switchyards, utilities etc. except Boiler and Turbine generator for power plants. It has also built a 100 MW solar power plant in the green energy sector which has been commissioned and under operation and maintenance since last 3 years. The Company shall be expecting to win orders in this sector too.

Operation and Maintenance

This is a major silver lining for the Company and the team shall be empowered from the present 180 team strength to 300+ over next fiscal catering to present

Management Discussion and Analysis *(Contd.)*

customers and new customers in Power, Steel, Port and Cement sectors.

Design & Engineering Services

The backbone of the Company has always been its in-house design and engineering strength. However, till now it has not seen this as a separate business unit. With the Company entering NCLT, and no bank guarantees to participate in EPC tenders, it took an unorthodox stance. It participated in engineering tenders and won two orders from GMDC and MCL Bharatpur for Design and Engineering services. This has supported the Company to offset its fixed overheads and it is now strategizing to focus on this area. It has received enquiries for detailed designing of structures for 10,000 MT in 3D Tekla software and expects to book more than 30000 MT detail engineering work in this segment. It has also received enquiries for pipe conveyor design, lime conveying design, coal washery design, silo design etc.

OUTLOOK & BUSINESS STRATEGY:

The Company had earlier attempted restructuring outside NCLT but a claim from international arbitration forced the lenders to admit the Company to NCLT on 29th April 2022. Mr. Anuj Jain was appointed as the Interim Resolution Professional to restructure the debt through NCLT. Thereafter, the Resolution Professional Mr. Ravi Sethia and team invited expression of interest and 17 resolution applicants showed interest. In Dec-2022, 4 of them submitted a resolution plan to bid for the Company through NCLT. The resolution process is currently in advanced stages.

Company has relooked its business strategy and is trying to align strategic priorities as follows:

- Commission 5 Coal India projects won in Joint Venture (JV) companies at Dipka, Chaal , Baroud, Sardega and Ananta. Except Ananta, the other projects are in advanced stage and staggered commissioning of the plants is expected from June-2023 to Dec-2023. This will bring in positive inflows to the Company and maintain its references valid to bid in new projects.
- Close the old legacy projects. Finishing old projects will keep customer confidence for having your company as a trusted partner and EPC contractor. This will also protect the lenders (stakeholder) interest by protecting the existing bank guarantees from invocation by customers as the Resolution Applicants (RAs) in NCLT have assumed responsibilities for those guarantees.
- Retain employees by giving them assurance of future prospects with new investors coming in. Attrition in the Company is high and controlling it, is of top priority. Recruiting new talent will be a strategic priority as human capital is the second pillar after technology in the Company. A database of talented employees who left the Company during its financial crisis is being updated so that as soon as the resolution process ends, they can be onboarded. Also, as skill in the core sector is rare, recruiting partners have been engaged to spot talent in segments the Company operates.
- Create confidence in the mind of lenders by speedy completion of projects and safeguarding guarantees and investments of the lenders.
- With a free playing ground in the EPC space, and very few competitors with Engineering, Procurement and Construction management capabilities under one roof, McNally Bharat is at an advantageous position. Despite being admitted into Corporate Insolvency Resolution Process, the Company has received orders from TATA Cummins for a Warehouse Civil works project, Gujarat Mineral Development Corporation (GMDC) for a mineral beneficiation of fluorspar project, Coal handling conveyor project from MCL Bharatpur, Civil works project from Coke Oven, Pellet Plant, DRI, CRM and Grinding Unit from JSP Group. This strongly indicates a lack of capability to provide Design and Execution under one roof, the benefits of which a new acquirer has prudently evaluated and will eventually reap in McNally Bharat.
- The major focus of the Company shall span from Design to commissioning of integrated steel plants, Cement Plants, Coal Washeries, Port projects and Design & Engineering services for Power, Steel, Cement, Ports and beneficiation sectors.
- The Company's strategic priority shall be to rebuild its mining equipment segment prowess in stacker reclaimers, bucket wheel excavators, wagon tipplers, barge unloaders etc. where the country has a demands for competent suppliers and technology houses.

STRATEGY & RESILIENCE IN VIEW OF COVID-19, WAR DISRUPTIONS AND FORTHCOMING WAVES

The Company's operations is majorly concentrated in Odisha and Chattisgarh, but projects in other States pan India is still operating. It will continue operating majorly in these States for the coming year. However, it has started looking into Africa and the Middle East for Design and Engineering possibilities.

RISKS & CONCERNS AND RISK MANAGEMENT

With the Resolution Professional team, the Company tactfully handled the supplier anxiety and executed

Management Discussion and Analysis *(Contd.)*

around ₹ 350 Cr. orders last year. With the NCLT proceedings expected to end this year the present suppliers and sub-contractors are finding new hopes and enthusiasm. The supplier risk management shall be made robust over the next year and and efforts made to regain the credit lost.

There is a strong support from the Resolution Professional to communicate with clients and their support has been exceptional.

The risk management system architecture by KPMG in 2010 covers from initiation of tender, bid decision and transfer of the risks envisaged to the project execution team. For the other operational and fraud risk control the Internal Audit team has already commenced the process last year and its integration with the ERM is underway.

As an improvement of the risk management system, supply chain risk has been developed in further detail. This coupled with the Oracle Cloud Infrastructure (OCI) Analytics Solutions to capture macro risks like commodity price variations, WPI Indices which impact our projects can be a great asset and intellectual property for the Company. This digital transformation to the Cloud opens up opportunities to create value with data enabled solutions and also increases operational efficiencies by monitoring the Key Performance Indices (KPIs) of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a detailed well spelt internal control system in place to ensure that all financial, commercial and legal transactions are fully authorized, recorded and correctly reported. The Audit Committee of the Board of Directors, chaired by an experienced Independent Director, reviews the adequacy of the Internal Control System. The Company's Internal Audit Department is in charge of periodically carrying out detailed audit of the transactions of the Company at various project sites, manufacturing locations and offices in order to ensure that recording and reporting are adequate and as per the policy of the Company. The Internal Audit team conducts periodical physical verification of Company's assets and ensures that there is no unauthorized usage. Assets are maintained in proper conditions and are adequately insured.

Business strategy of the organization has guided the formation of the Enterprise Risk Management (ERM) for the Company. The process started an year ago and is under implementation. Considering the flexibility and execution requirements for a projects driven company the system is being continuously revaluated to establish a robust system. The strategic focus will now shift to undertake major expansions in the core sector like Steel, Cement, Port etc. and hence the focus to minimize cost will be replaced by an outlook to add value in projects through quantity saving with design optimization, compressing project duration through better coordination and use of environment friendly material.

The risks are broadly categorized into Strategic, Operational, Financial (Compliance & Reporting) & Hazardous Risks. The Components of Enterprise Risk Management include:

a) Entity level controls

b) Process Risks & Controls

- Internal controls over financial reporting
- Operational controls
- Fraud risk controls

c) IT General Controls

Entity level & IT General controls are being followed as per standard practice of EPC business.

For the rest of the components, the Implementation of ERM is divided into phases as below:

Phase I: Implementation of Internal controls over financial reporting

Phase II: Implementation of operational & fraud risk controls

The Companies Act, 2013 mandated Indian Companies to implement internal controls over financial reporting effective from 1st April 2018. The Management has documented all key finance and business processes impacting financial reporting, tested the key controls for adequacy and operating effectiveness during the financial year 2022-23.

Since majority of the business is in Projects, a project risk management framework has been implemented in the ERP and being monitored periodically for all new projects on the ERP. The risk framework captures Strategic, Operational, Financial and Hazardous risks. This is supported by an issue management interface.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE EMPLOYED:

The Company firmly believes that its greatest strength lies in its Human Resources. The organization has been increasingly emphasizing on development of knowledge and skills of its employees to align with the changing business scenario.

The organization offers a congenial work environment

Management Discussion and Analysis *(Contd.)*

cutting across hierarchy and diverse work groups to foster a healthy work culture.

In terms of employee care, the organization provides benefits and allowances which are in keeping with market trends. It also provides comprehensive insurance coverage for employees to take care of medical exigencies and unforeseen situations. The Company is continuing with its organizational transformation initiatives with a key focus on restructuring to become a more agile and robust organization. Employee relations remained cordial throughout 2022-23. As on 31st March 2023 number of permanent employees of the Company was 190.

Industrial relations during the year have been cordial.

FINANCIAL PERFORMANCE:

The details of financial performance with respect to operational performance have been provided in the Report of the Board of Directors.

DETAILS OF SIGNIFICANT CHANGES (i.e. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS:

Key Financial Ratios	2022-23	2021-22	Change (%)	Reasons
Debt Equity Ratio (Number of times)	(1.53)	(139.38)	(98.90)	During the year the Company recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46.
Interest Coverage Ratio (Number of times)	(0.28)	(0.66)	(57.74)	N.A.
Current Ratio (Number of times)	0.29	0.76	(62.06)	During the year the level of inventory has decreased.
Debtors Turnover (Number of times)	0.27	0.25	6.19	During the year the Company recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46.
Inventory Turnover (Number of times)	189.84	110.16	72.34	
Operating Profit Margin (%)	(2.35)	(0.12)	1856.12	
Net Profit Margin (%)	(10.83)	(0.30)	3465.95	
Return on Net Worth (%)	#	#	-	N.A.

 # Not calculated as Net worth of the Company is eroded.

DISCLOSURE OF ACCOUNTING TREATMENT:

The Board's Report and the Financial Statements contain necessary disclosure of accounting treatment, if any, different from that prescribed in Accounting Standards and management's explanation regarding adoption of such treatment.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Industry information contained in this Report, have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)
Ravi Sethia
Resolution Professional
Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

Asim Kumar Barman
DIN: 02373956
Director

Kasturi Roy Choudhury
DIN 06594917
Director

26th May 2023
Kolkata

Report on Corporate Governance

1) **The Company's philosophy on Code of Governance**

The Company's philosophy on governance is documented in the **"Vision Statement"**, which is the fundamental code of conduct for the Company and in its **"Mission Statement".**

The texts of the **"Vision Statement"** and the **"Mission Statement"** appear on page no. 3 of this Annual Report.

2) **Board of Directors**

a) **Board Composition**

During the Financial Year ended 31st March 2023, the Kolkata Bench of the National Company Law Tribunal vide Order dated 29th April 2022 commenced Corporate Insolvency Resolution Process (CIRP) upon McNally Bharat Engineering Company Limited under the provisions of the Insolvency and Bankruptcy Code 2016 (the "Insolvency Code").

As per regulation 15, sub-regulation (2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the provisions contained in regulation 17 thereof pertaining to Board of Directors, are not applicable to a listed entity undergoing corporate insolvency resolution process provided the roles and responsibilities of the Board of Directors of such entity are fulfilled by the Interim Resolution Professional or Resolution Professional in accordance with sections 17 and 23 of the Insolvency Code. Accordingly, Mr. Anuj Jain, Interim Resolution Professional and Mr. Ravi Sethia, Resolution Professional, appointed vide NCLT Orders dated 29th April 2022 and 26th August 2022 respectively, had managed the affairs of the Company by assuming the roles and responsibilities of its Board of Directors during the ongoing CIRP.

As on 31st March 2023 the Company had 4 (four) directors on its Board. Mr. Aditya Khaitan is the Non-executive Chairman of the Company. Of the four Non-executive Directors, three are Independent.

b) **Meetings and Attendance**

The Board met six times during the Financial Year *ie.* 19th April 2022, 30th May 2022, 13th August 2022, 12th November 2022, 13th February 2023 and 30th March 2023. All Board Meetings were held through video-conference.

Report on Corporate Governance *(Contd.)*

Details of attendance of Directors at Board Meetings held during the Financial Year and at the Company's Fifty-ninth Annual General Meeting together with the number of other directorships and committee memberships held by them are as follows:

Name	Designation	Category	Attendance		* No. of other directorships held in Indian public limited companies	@No. of Board Committees (other than McNally Bharat Engineering Company Limited)
			Board Meeting	Last AGM		
Mr. Aditya Khaitan DIN – 00023788	Chairman	Non-executive Non-Independent	2	No	3	1
Mr. Asim Kumar Barman DIN – 02373956	Director	Non-executive Independent	6	Yes	0	0
Mr. Nilotpal Roy DIN – 00087298	Director	Non-executive Independent	4	No	0	0
Ms. Kasturi Roy Choudhury DIN – 06594917	Director	Non-executive Independent	4	No	1	0

* Excludes directorship, if any, in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

@ Only chairmanship and membership of the Audit Committee and Stakeholders Relationship Committee have been considered as per Regulation 26 of the Listing Regulations.

Note1: Mr. Srinivash Singh (DIN – 00789624) ceased to be the Managing Director on expiry of 3-year term on 13th December 2022. He continued as the Chief Executive Officer of the Company with effect from 14th December 2022 as nominated by the Committee of Creditors under the Insolvency Code. Mr. Singh attended all 4 (four) Board Meetings held during his tenure as Managing Director in 2022-23.

Note 2: Ms. Arundhuti Dhar (DIN – 03197285), Independent Director resigned from the Board of Directors effective 3rd August 2022. Ms. Dhar attended the 2 (two) Board Meetings held during her tenure as Independent Director in 2022-23.

c) Names of the listed entities where the above persons are Directors and the category of directorship

Name of Director	Name of the listed company	Category of Directorship
Mr. Aditya Khaitan	Kilburn Engineering Limited	Non-executive Non-Independent
	McLeod Russel India Limited	Managing Director
	Williamson Financial Services Limited	Non-executive Non-Independent
Mr. Asim Kumar Barman	None	Not applicable
Mr. Nilotpal Roy	None	Not applicable
Ms.Kasturi Roy Choudhury	Window Glass Limited	Non-executive Independent

d) Disclosure of relationship between Directors *inter-se*

None of the Directors are related to any other Director.

e) Shareholding of Non-executive Directors

None of the Non-executive Directors hold any shares in the Company.

f) Web-link where details of familiarization programs for Independent Directors is disclosed

Report on Corporate Governance *(Contd.)*

The familiarization program for Independent Directors is given on the Company website at the web link https://www.mcnallybharat.com/assets/pdf/investor/policy/familarisation-programme-for-IDs.pdf

g) Skills/ Expertise/ Competence of the Board of Directors

The matrix setting out the skills/ expertise/ competence of the Board of Directors are given below:

(i) Qualification

- Degree holder in relevant disciplines (e.g. management, accountancy, legal, sales, marketing, administration, finance, and corporate governance and engineering industry related disciplines); or
- Recognized specialist.

(ii) Experience

- Experience of management in a diverse organization;
- Experience in accounting and finance, administration, corporate, legal and strategic planning;
- Ability to work effectively with other members of the Board.

(iii) Skills

- Excellent interpersonal, communication and representational skills;
- Leadership skills;
- Extensive team building and management skills;
- Strong influencing and negotiating skills;
- Continuous professional development to refresh knowledge and skills;

(iv) Abilities and Attributes

- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to observe the fundamental code of conduct and the Company's Mission and Vision Statement.

(v) Core skills of the Board

The following is a list of core skills/expertise/ competencies mapped with every director of the Company identified by the Board of Directors of the Company as required in the context of the Company's business(es) and sector(s) for the Company to function effectively and those available with the Board:

Core skill/expertise /competencies	Aditya Khaitan	Asim Kumar Barman	Nilotpal Roy	Kasturi Roy Choudhury
Adequate knowledge of the Company's business and the Industry in which the Company operates	√	√	√	√
Strategy Acumen	√	√	√	√
Financial Skills	√	√	√	√
Communication Skills	√	√	√	√
Leadership & Management Skills	√	√	√	√

h) Brief profile of Directors who have these expertise and skills

Sl. No.	Name of the Director	Area of Expertise/ Skill and Brief profile
1	Mr. Aditya Khaitan	Commerce Graduate, Industrialist, Entrepreneur – Expertise in Accounts & Finance, General Management and Strategy. Hails from a renowned family of industrialists having interest in diverse business activities. Has in-depth exposure, experience and expertise in management, production, marketing, corporate finance, restructuring, mergers and acquisitions of corporate entities in diverse industries.

Report on Corporate Governance *(Contd.)*

Sl. No.	Name of the Director	Area of Expertise/ Skill and Brief profile
2	Mr. Asim Kumar Barman	Science Graduate, I.A.S. (Retired) – Expertise in Administration, Power & Environment, Urban Governance, Finance & Accounting and General Management. Retired as Chairman of Damodar Valley Corporation (DVC), held posts of Principal Secretary, Department of Environment and Department of Public Health Engineering (Water Supply & Sanitation), Government of West Bengal, Principal Secretary, Department of Health & Family Welfare.
4	Mr. Nilotpal Roy	M. Tech. (Chemical Engineering) – Expertise in Engineering, Management & Leadership, Business Development and General Administration. An Engineering professional with vast experience of more than four decades in various Central Public Sector Enterprises (CPSEs) and renowned private sector companies. He held the position of Managing Director, SAIL-IISCO Steel Plant.
6	Ms. Kasturi Roy Choudhury	B.E. (Electrical), PGDM (IIM-A), DBF (ICFAI) – Expertise in Electrical Engineering, Accounts & Finance, Strategic Planning, Management & Leadership. She has more than two decades of experience in Electrical Engineering, Strategic Planning and General Management.

i) Independent Directors

It is confirmed that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

j) Confirmation of Compliance with the Codes

All Directors and members of Senior Management have, as on 31st March 2023 affirmed their compliance with:

- *The Company's Code of Conduct,* the fundamental code of conduct for its Directors and Employees;
- The Company's Code of Conduct for Prevention of Insider Trading in its shares;
- Disclosures relating to all material and financial transactions;
- Annual Disclosure(s) as required under the Code of Conduct of Prevention of Insider Trading.

3) Board Committees

As per Regulation 15 sub-regulation (2B) of the Listing Regulations, the provisions as specified in regulations 18, 19, 20 and 21 shall not be applicable during the insolvency resolution process period in respect of a listed entity which is undergoing corporate insolvency resolution process under the Insolvency Code provided, the roles and responsibilities of the committees specified in the respective regulations are fulfilled by the interim resolution professional or resolution professional.

During the Financial Year ended 31st March 2023, the roles and responsibilities of various Committees of the Board have been fulfilled by Mr. Anuj Jain, the Interim Resolution Professional and Mr. Ravi Sethia, the Resolution Professional appointed by the NCLT as per provisions of the Insolvency Code.

The Board Committees are enumerated below:

(i) Audit Committee

As on 31st March 2023, the Audit Committee consisted of three Board members, *viz.* Mr. Asim Kumar Barman, Mr. Nilotpal Roy and Ms. Kasturi Roy Choudhury. Mr. Asim Kumar Barman is the Chairperson of the Audit Committee.

All the three members of the Committee are Independent Directors. The quorum for an audit committee meeting is either two members or one third of the members of the committee, whichever is greater, with at least two independent directors.

Mr. Asim Kumar Barman, IAS (Retired), Chairperson of the Audit Committee, possesses expertise in specific functional areas such as accounts & finance, administration & management, power, environment and urban governance. Mr. Nilotpal Roy, M.Tech. (Chemical Engineering) having expertise in Engineering, Management & Leadership, Business Development and General Administration, was inducted into the Committee w.e.f. 10th August 2022. Ms. Kasturi Roy Choudhury, B.E.(Electrical),

Report on Corporate Governance *(Contd.)*

PGDM (IIM-A), DBF (ICFAI), having expertise in Electrical Engineering, Accounts & Finance, Strategic Planning, Management & Leadership, was inducted into the Committee w.e.f. 10th February 2023. The Chairperson and all the members of the Audit Committee are "financially literate" within the meaning of explanation under Regulation 18(1)(c) of the Listing Regulations.

The Committee met six times during the Financial Year 2022-23, *ie.* 19th April 2022, 30th May 2022, 13th August 2022, 12th November 2022, 13th February 2023 and 30th March 2023. All meetings of the Committee were held through video-conference. The attendance of members at the Committee Meetings held during the Financial Year 2022-23 is given below:

Name	No. of Meetings attended
Mr. Asim Kumar Barman, Chairman	6
Mr. Nilotpal Roy	3
Ms. Kasturi Roy Choudhury	2

Mr. Nilotpal Roy and Ms. Kasturi Roy Choudhury were inducted as members of the Audit Committee w.e.f. 10th August 2022 and 10th February 2023 respectively. Ms. Arundhuti Dhar and Mr. Srinivash Singh ceased to be members of the Committee w.e.f. 3rd August 2022 and 14th December 2022 respectively.

The Statutory Auditors, Internal Auditor and the Chief Financial Officer attend the Audit Committee Meetings. At the invitation of the Company, representatives from various divisions of the Company also attend the Audit Committee Meetings to respond to queries raised at the meetings.

The Company Secretary acts as the Secretary to the Committee.

Role of Audit Committee

The role of the Audit Committee is in accordance with those specified in Regulation 18 read with Part C of Schedule II to the Listing Regulations and Section 177 of the Companies Act, 2013.

(ii) Stakeholders' Relationship Committee

Composition, Meetings and Attendance

As on 31st March 2023, the Stakeholders Relationship Committee ("SRC") comprised of three Board members *viz.* Mr. Asim Kumar Barman, Mr. Nilotpal Roy and Ms. Kasturi Roy Choudhury. Mr. Asim Kumar Barman, Non-executive Independent Director is the Chairperson of the Committee. Ms. Indrani Ray, Company Secretary, who is also the Compliance Officer of the Company, acts as Secretary to the Committee. The quorum for a meeting of SRC is two Directors.

The Committee met only once during the Financial Year 2022-23 *ie.* on 30th March 2023. All the Committee Members attended the meeting.

Mr. Nilotpal Roy and Ms. Kasturi Roy Choudhury were inducted as members of the Stakeholders Relationship Committee w.e.f. 10th August 2022 and 10th February 2023 respectively. Ms. Arundhuti Dhar and Mr. Srinivash Singh ceased to be members of the Committee w.e.f. 3rd August 2022 and 14th December 2022 respectively.

Role of Stakeholders' Relationship Committee

The terms of reference of the Committee are in accordance with Regulation 20 and Part D of Schedule II to the Listing Regulations and Section 178 of the Companies Act, 2013. The Committee monitors the Company's response to investor complaints. The Committee is authorised to approve the Issue of duplicate share certificates in dematerialized form *in lieu of* those lost or destroyed.

Pursuant to Regulation 40(2) of the Listing Regulations, the power to approve transfers, transmissions, etc. of shares in the physical form has been delegated to the Share Transfer Agent ("STA") to the extent permissible under the Listing Regulations.

As on 31st March 2023 there was no request pending for dematerialization and no physical transfer remained pending. During the Financial Year 2022-23, 8 (eight) complaints were received from Shareholders and all complaints were disposed of and therefore, no complaints stood pending as on 31st March 2023.

(iii) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee ("CSR Committee") was formed in the financial year 2014-15 to formulate the CSR Policy and to take CSR initiatives in accordance with Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policies) Rules, 2014.

The Committee was dissolved on 12th November 2022 owing to non-applicability of the criteria

Report on Corporate Governance *(Contd.)*

determining the formation of corporate social responsibility committee under Section 135 of the Act.

(iv) Nomination and Remuneration Committee

Composition, Meetings and Attendance

The Nomination and Remuneration Committee ("NRC") comprises of three Directors, *viz.* Mr. Asim Kumar Barman, Mr. Aditya Khaitan and Mr. Nilotpal Roy. All members of the Committee are Non-executive Directors. Mr. Asim Kumar Barman is the Chairperson of the Committee.

The quorum for a meeting of the NRC is either two members or one third of the members of the committee, whichever is greater, including one independent director in attendance. The Company Secretary acts as the Secretary to the Committee.

The Committee met on four occasions during the Financial Year 2022-23 *i.e.* 30th May 2022, 13th August 2022, 12th November 2022 and 13th February 2023. These meetings were held through video-conference. The attendance of members at the Committee Meetings held during the year 2022-23 is given below:

Name	No. of Meetings attended
Mr. Asim Kumar Barman, Chairman	4
Mr. Aditya Khaitan	2
Mr. Nilotpal Roy	3

Mr. Nilotpal Roy was inducted in the Nomination & Remuneration Committee w.e.f. 10th August 2022. Ms. Arundhuti Dhar resigned from the Committee membership w.e.f. 3rd August 2022.

Role of Nomination and Remuneration Committee

The role of the NRC is in accordance with Regulation 19 and Part D of Schedule II to the Listing Regulations and sub-sections (2), (3) and (4) of Section 178 of the Companies Act, 2013.

The Company has adopted a policy on remuneration for Directors, key managerial personnel and other employees and has laid down performance evaluation criteria for Independent Directors.

The criteria of making payments to non-executive directors may be accessed on the Company's website at the following link: http://www.mcnallybharat.com/assets/pdf/investor/policy/criteria-non-executive-directors.pdf.

Performance evaluation criteria for Independent Directors are as per the approved Board Evaluation Policy of the Company.

4) Remuneration of Directors

Apart from sitting fee, no remuneration is paid to the Non-executive Directors. Directors who attend Board or Committee meetings are paid a sitting fee of Rs 20,000 per meeting.

Independent Directors are paid sitting fee for attending Independent Directors' Meeting required to be statutorily held at least once during the financial year.

During the Financial Year 2022-23, the Board of Directors, upon recommendation of the Nomination & Remuneration Committee, unanimously approved waiver of sitting fee for attending meetings of the Board and its Committees held since 29th April 2022 *ie.* the date of commencement of Corporate Insolvency Resolution Process under the Insolvency Code. No stock option was given to any Director.

5) General Body Meetings

(i) Location and time of last three Annual General Meetings (AGMs) and Special Resolutions passed at these Meetings

Financial Year ended	Location	Date	Time
31st March 2020	*Held through video conference/other audio-visual means (OAVM)	Tuesday, 22nd December 2020	11 .00 AM
31st March 2021	*Held through video conference / other audio-visual means (OAVM)	Thursday, 30th September 2021	11.00 AM
31st March 2022	*Held through video conference / other audio-visual means (OAVM)	Wednesday, 7th September 2022	3.30 PM

******In compliance with the MCA Circulars dated 8th April 2020, 13th April 2020, 5th May 2020, 13th January 2021, 5th May 2022 and all other relevant circulars issued from time to time the AGMs were held through video conference/other audio-visual means.*

Report on Corporate Governance *(Contd.)*

(ii) Details of Special Resolutions passed in previous three AGMs

The following special resolutions were adopted in the Annual General Meeting of the Company during the past three financial years and e-voting facilities were made available to the shareholders:

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
Approval for re-appointment of Mr. Srinivash Singh (DIN: 00789624) as the Managing Director (Key Managerial Personnel) of the Company for a period of 3 (three) consecutive years from 14th December 2019 to 13th December 2022.	22nd December, 2020.	96826371 99.999583% of the valid votes cast.	404 0.000417% of the valid votes cast.
Approval for re-appointment of Mr. Asim Kumar Barman (DIN: 02373956) as an Independent Director of the Company for a second term of 3 consecutive years commencing from the day of expiry of his earlier term, upto the date of the 60th Annual General Meeting or his attaining 75 years of age whichever is earlier.	22nd December, 2020	96826521 99.999738% of the valid votes cast.	254 0.000262% of the valid votes cast.
Approval for the re-appointment of Ms. Arundhuti Dhar (DIN: 03197285) as an Independent Director of the Company for a second term of 5 (five) consecutive years.	30th September, 2021	105058676 99.9990% of the valid votes cast.	1086 0.0010% of the valid votes cast.

Mr. A. K. Labh (FCS 4848, CP No. 3238), Practicing Company Secretary was appointed as Scrutinizer to scrutinize the e-voting process for the AGMs held on 22nd December 2020 and 30th September 2021.

No Special Resolution was adopted at the Annual General Meeting held on 7th September 2022 for the financial year ended 31st March 2022.

No Special Resolution was adopted at any Extra-ordinary General Meeting of the Company during the past three financial years.

(iii) Resolutions passed through postal ballot/ remote e-voting

During the Financial Year 2022-23, two Special Resolutions were passed through postal ballot including remote e-voting, with requisite majority, the details of voting pattern in respect of which are as under:

Sl. No.	Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
1	Re-appointment of Mr. Srinivash Singh (DIN 00789624) as Managing Director of the Company for a period of 3 (three) consecutive years with effect from 14th December 2022.	17th December 2022	95240147 shares and 99.9381% of valid votes cast.	59010 shares and 0.0619% of valid votes cast.
2	To approve continuation of directorship of Mr. Nilotpal Roy (DIN 00087298) as non-executive Independent Director beyond the age of 75 years in his current tenure.	18th March 2023	94073583 shares and 99.9527% of valid votes cast.	44547 shares and 0.0473% of valid votes cast.

(iv) Person who conducted the postal ballot/e-voting exercise

Mr. Prakash Shaw (ACS-32895 / CP-16239), Practicing Company Secretary was appointed as the Scrutinizer to conduct the postal ballot/remote e-voting exercise in both the above-mentioned occasions.

(v) Procedure for postal ballot/remote e-voting

The postal ballot/remote e-voting exercise were conducted pursuant to and in compliance with the provisions

Report on Corporate Governance *(Contd.)*

of Section 110 of the Companies Act, 2013, Rules 20 and 22 of the Companies (Management and Administration) Rules 2014 read with the General Circular Nos.14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 22/2020 dated 15th June 2020, 33/2020 dated 28th September 2020, 39/2020 dated 31st December 2020, 10/2021 dated 23rd June 2021, 20/2021 dated 8th December 2021, 03/2022 dated 5th May 2022 and 11/2022 dated 28th December 2022 and other relevant Circulars/ Notifications issued by the Ministry of Corporate Affairs ("MCA"), Government of India, providing relaxations in the process of holding of general meetings and voting through postal ballot/e-voting, in view of the extraordinary circumstances due to COVID-19 pandemic.

In respect of Special Resolution under Sl. 1 above, the remote e-voting period remained open from 10:00 a.m. IST on Friday, 18th November 2022 up to 5:00 p.m. IST on Saturday, 17th December 2022.

In respect of Special Resolution under Sl. 2 above, the remote e-voting period remained open from 10:00 a.m. IST on Friday, 17th February, 2023 up to 5:00 p.m. IST on Saturday, 18th March, 2023.

(vi) Proposal for Special Resolution, if any

During the current financial year pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shareholders' approval by way of Special Resolution is proposed to be obtained at the forthcoming 60th Annual General Meeting for the continuation of Mr. Asim Kumar Barman (DIN- 02373956) as Non-executive Independent Director of the Company upon attaining 75 years of age on 16th November 2023 during his current tenure which is valid till 22nd December 2025.

6) General Disclosures

(i) **Related Party Transactions**

(a) A summary of transactions with related parties, in the ordinary course of business and at arm's length is placed before the Audit Committee, on approval by the Committee of Creditors under the Insolvency Code;

(b) There were no material individual transactions with related parties which were not in the ordinary course of business and were not at arm's length during the Financial Year ended 31st March 2023;

(c) There were no material significant transactions during the Financial Year with related parties such as Promoters, Directors, Key Managerial Personnel and their Relatives that could have a potential financial conflict of interest with that of the Company;

(d) The mandatory disclosure of transactions with related parties, in compliance of the Indian Accounting Standard (IndAS-24), forms part of this Annual Report;

Related Party Transactions Policy of the Company can be accessed on the Company's website at https://www.mcnallybharat.com/assets/pdf/investor/policy/related-party-transaction-policy.pdf

(ii) Capital market non-compliances, if any

There were no instances of non-compliance by the Company on any matter relating to the capital markets during the past three years.

(iii) Vigil Mechanism/ Whistleblower Policy

The Company has a Whistleblower Policy which can be accessed on the Company's website at https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL-Whistleblower%20Policy-Revised%202022.pdf. It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee in terms of the Policy. During the Financial Year, no complaints were received by the Whistle Committee/Audit Committee.

(iv) Other Policies

In accordance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has formulated the following policies which can be accessed on the Company's website www.mcnallybharat.com

a) Policy on Determination and disclosure of material events at https://www.mcnallybharat.com/assets/pdf/investor/policy/materiality-of-disclosures.pdf

b) Policy on Preservation and Archival of documents at https://www.mcnallybharat.com/assets/pdf/investor/policy/preservation-policy-MBE.pdf

(v) Insider Trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading)

Report on Corporate Governance *(Contd.)*

Regulations, 2015 as amended by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The Code of Conduct for Prevention of Insider Trading, Code of Fair Disclosure of Unpublished Price Sensitive Information and Policy and procedure for inquiry in case of leak of Unpublished Price Sensitive Information can be accessed on the Company's website www.mcnallybharat.com

(vi) Independent Directors' Meeting

The Company's Independent Directors met on 30th March 2023 to discuss the procedure for reviewing the performance of Non-Independent Directors and the Board as a whole, performance of the Chairperson and quality, quantity and timeliness of information exchange between the Company Management and the Board.

(vii) Board Evaluation

The scope of Board Evaluation during every financial year includes performance evaluation of the Board of Directors as whole, its individual members and functional committees. However, in view of the NCLT Order dated 29th April 2022 imposing the Corporate Insolvency Resolution Process under the Insolvency Code 2016, the Board of Directors of the Company remained suspended with immediate effect under Section 17 of the Code and hence, no Board Evaluation was conducted during the Financial Year 2022-23.

(viii) Prevention of Sexual Harassment at Workplace

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the complaints received and resolved during the year is as under:

Number of Complaints filed during the year	00
Number of Complaints disposed of during the year	00
Number of Complaints pending as at the end of the Financial Year	00

(ix) Internal Controls

The Company has put in place adequate Internal Control Systems and Procedures.

(x) Certificate from Company Secretary in Practice regarding Directors debarred under the Act, etc.

A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India Board or the Ministry of Corporate Affairs or any such statutory authority is attached to and forms part of this Report.

(xi) Fee to Statutory Auditors

M/s. V. Singhi & Associates, acted as the Statutory Auditors of the Company for the Financial Year 2022-23. The details of the fees paid/payable to the Statutory Auditors by the Company for the Financial Year are detailed in the Standalone Financial Statements of the Company.

The Company and/or its Subsidiaries have not availed any services from entities in the network firm/network entity of which the Statutory Auditor is a part, if any.

(xii) Committee Recommendations

During the Financial Year 2022-23, there has been no instance where the Board had not accepted any recommendation of/submission by any of its Committees, which is mandatorily required to be accepted.

(xiii) Non-mandatory requirements under Part E of Schedule II to Listing Regulations

(a) During the Financial Year 2022-23, the Company had complied with the non-mandatory requirement of a separate post of Chairperson and Managing Director.

(b) The Internal Auditor reports directly to the Audit Committee.

7) Means of Communication

The Annual Report for each financial year is mailed to all Shareholders in the month of July/August of each calendar year. Each Report contains the annual financial statement of the Company for the financial year along with the Directors' Report and Auditor's Report and its annexures. Also included in each Annual Report is the Notice convening the Annual General Meeting and the Corporate Governance Report.

The financial results or the extract of the financial results, as the case may be, of the Company were officially released or will be released in accordance with the following schedule:

Report on Corporate Governance *(Contd.)*

Sl. No	Nature of Communication	Media used for Publication	Dates of Publication	Forwarded/to be forwarded to Stock Exchanges on
1	Quarterly unaudited financial results (first quarter 2022-23)	Newspapers	14.08.2022	13.08.2022
2	Half-yearly unaudited financial results (second quarter 2022-23)	Newspapers	14.11.2022	12.11.2022
3	Quarterly unaudited financial results (third quarter 2022-23)	Newspapers	15.02.2023	13.02.2023
4	Annual audited financial results (2022-23)	Newspapers	On or before 28.05.2023	26.05.2023

The financial results are published in Mint (English), Financial Express (English) and *Su Khobor* (Bengali).

All corporate information filed by the Company with the stock exchanges are uploaded on www.connect2nse.com/LISTING/ (NSE) and www.listing.bseindia.com (BSE) and can be viewed on the website of stock exchanges *i.e.* www.nseindia.com and www.bseindia.com. The information is also available on the Company website www.mcnallybharat.com

The Management Discussion & Analysis for the Financial Year 2022-23 forms part of the Directors' Report.

8) **General Shareholder Information**

a. **The Company's Sixtieth Annual General Meeting (60th AGM) will be held at 3.30 PM on Thursday, 31st August 2023 through Video Conference Other Audio Visual Means (VC/OAVM). As per Circular Nos. 14/2020 dated 8th April 2020 and 17/2020 dated 13th April 2020 issued by the Ministry of Corporate Affairs ("MCA") followed by Circular Nos. 20/2020 dated 5th May 2020, 02/2021 dated 13th January 2021, Circular No. 02/2022 dated 5th May 2022 and 11/2022 dated 28th December 2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and the general meeting may be held through video conference (VC) or other audio visual means (OAVM). In compliance with the said Circulars the 60th Annual General Meeting is being held through Video Conference without the physical presence of the members.**

b. **The tentative financial calendar is as follows:**

Audited Financial Statement for 2022-23	Friday, 26th May 2023
Mailing of Annual Report for 2022-23	On /before Tuesday, 8th August 2023
Unaudited First Quarter Financial Results 2023-24	Thursday, 10th August 2023
Sixtieth Annual General Meeting	Thursday, 31st August 2023
Payment of Dividend for 2023-24	Not applicable
Unaudited Second Quarter Financial Results 2023-24	Friday, 10th November 2023

c. **Register of Shareholders**

The Register of Shareholders will remain closed from Friday, 25th August 2023 to Sunday, 27th August 2023 both days inclusive.

d. **Payment of Dividend**

In view of the prevailing business conditions, no dividend payment has been recommended for the Financial Year 2022-23.

e. **Listing of Shares on Stock Exchanges**

As on 31st March 2023, the shares of the Company were listed on Stock Exchanges with their respective stock codes as follows:

Report on Corporate Governance *(Contd.)*

Name of the Stock Exchange	Stock Code
BSE Limited	532629
The National Stock Exchange of India Limited	MBECL
Reuters Code	MCNL.BO
Bloomberg Code	MCNA:IN

The International Securities Identification Number ("ISIN") of the Company's shares in the dematerialized mode is INE748A01016. There are no arrears of listing fees and custodial fees.

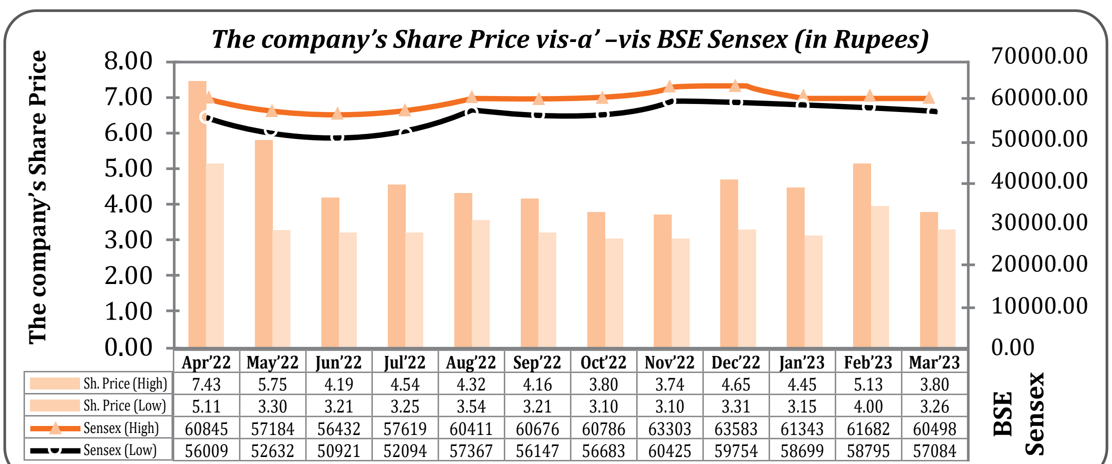
f. Market Price data

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at BSE Limited and National Stock Exchange of India Limited during the Financial Year 2022-23 are as under:

Month	BSE Ltd.		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2022	7.43	5.11	7.40	5.10
May, 2022	5.75	3.30	5.75	3.50
June, 2022	4.19	3.21	4.20	3.30
July, 2022	4.54	3.25	4.40	3.30
August, 2022	4.32	3.54	4.20	3.50
September, 2022	4.16	3.21	4.20	3.20
October, 2022	3.80	3.10	3.80	3.05
November, 2022	3.74	3.10	3.75	3.10
December, 2022	4.65	3.31	4.70	3.25
January, 2023	4.45	3.15	4.30	3.15
February, 2023	5.13	4.00	4.90	3.90
March, 2023	3.80	3.26	3.70	3.25

g. Market Price of Company's share *versus* Sensex and Nifty (in ₹)

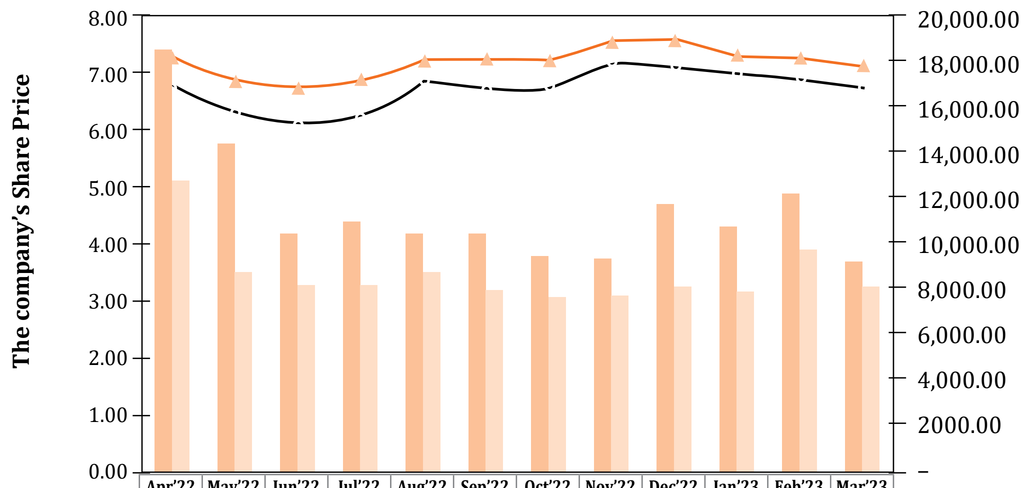
A. The Company's Share Price vs. Sensex



Report on Corporate Governance *(Contd.)*

B. The Company's Share Price vs. Nifty

The company's Share Price vis-a' –vis NIFTY



	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23
Sh. Price (High)	7.43	5.75	4.19	4.54	4.32	4.16	3.80	3.74	4.65	4.45	5.13	3.80
Sh. Price (Low)	5.11	3.30	3.21	3.25	3.54	3.21	3.10	3.10	3.31	3.15	4.00	3.26
Sensex (High)	60845	57184	56432	57619	60411	60676	60786	63303	63583	61343	61682	60498
Sensex (Low)	56009	52632	50921	52094	57367	56147	56683	60425	59754	58699	58795	57084

h. Means of Communication

The Ministry of Corporate Affairs vide General Circular No. 10/2022 dated 28th December 2022 extended the relaxations from dispatching physical copies of financial statements to the shareholders for the Annual General Meetings (AGMs) conducted till 30th September 2023. The Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023 has also provided relaxation up to 30th September 2023 from Regulation 36(1)(b) of Listing Regulations, which requires sending hard copy of the statement containing salient features of all the documents prescribed in Section 136 of the Companies Act, 2013 to those shareholders who have not registered their email addresses.

In accordance with Section 20, 101 and 136 of the Companies Act, 2013 and rules made there under, the Annual Report, Notice of the Annual General Meeting, postal ballot notice, circulars, etc. are being sent by electronic means to those shareholders whose e-mail addresses are made available to the Company by the shareholders and the depository. Documents e-mailed to shareholders are available on the Company website www.mcnallybharat.com to enable shareholders read and download a copy, if required.

In terms of Regulation 36(1)(c) of the Listing Regulations, hard copy of full Annual Report are being sent to those shareholders who have requested for the same. Further, notice of the Company's 60th Annual General Meeting published in newspapers by advertisement in terms of Regulation 47 of the Listing Regulations contains a link to the Annual Report 2022-23 so as to enable shareholders have access to the full Annual Report.

9) Share Transfer Agent

The Company has engaged the services of Maheshwari Datamatics Private Limited, 23 R.N Mukherjee Road, Kolkata – 700001, a SEBI registered Share Transfer Agent with Registration No.INR000000353, as the Registrar & Transfer Agent (RTA) of the Company. All queries relating to shares and requests for dematerialization and re-materialization should be sent to our RTA or the Company at following:

Maheshwari Datamatics Private Limited,
Unit: McNally Bharat Engineering Co. Ltd.
23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001
Telephone: 033 2243-5029/5809, Fax: 033 2248-4787
E-mail: mdpldc@yahoo.com.
OR
McNally Bharat Engineering Company Limited
Share Department, 4 Mangoe Lane, 7th Floor,
Kolkata- 700 001, West Bengal, India
Tel: +9133-6628 1212, Fax: +9133 3014 1212
E-mail: mbecal@mbecl.co.in

Report on Corporate Governance *(Contd.)*

Shareholders have the option to open their Accounts with a Depository Participant having connectivity with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

10) Share Transfer

The Company's shares are traded on the Stock Exchanges in compulsory dematerialized form. Shareholders are requested to ensure that their Depository Participants (DPs) promptly send physical documents, *viz.* Dematerialization Request Form (DRF), share certificates, etc. to the RTA for providing the Dematerialization Request Number (DRN). Documents of transfer in physical form *ie.* the transfer deeds, share certificates etc. should similarly be sent to the RTA.

In compliance with SEBI Circular No. SEBI/HO/ MRSD /MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022 read with Circular No. SEBI/HO/ MIRSD/PoD-1/OW/P/2022/64923 dated 30th December 2022, the Company, while processing various Investor requests issues shares only in dematerialized form. Claimants of duplicate share certificate are requested to promptly submit the Letter of Confirmation (LOC) which is issued to them, to their DP within 120 days of the date of LOC for getting the shares credited in their Demat Account, failing which the shares are transferred to the "Suspense Escrow Demat Account" of the Company.

The Shareholders have been intimated about SEBI KYC (Know Your Customer) Norms as mandated vide SEBI Circulars dated 3rd November 2021 and 14th December 2021.

11) Unclaimed Dividends

All unclaimed dividend up to and including the financial year ended on 31st March 2013 and unclaimed shares pertaining thereto, have been transferred to the Investor Education and Protection Fund ("IEPF") as mandated under law. Thereafter, no dividends have been declared by the Company.

12) Dematerialization

As on 31st March 2023, 172091362 Equity Shares representing 81.34 % of the total shares, were held in dematerialized form and the balance 39479395 shares representing 18.66 % of the total issued shares were in physical (share certificate) form.

A total of 23716 (98.73%) Shareholders have up to 31st March 2023, dematerialized their shareholdings, while the balance 304 (1.27%) Shareholders continue to hold shares in the physical form.

13) Distribution of Shareholding as on 31st March 2023

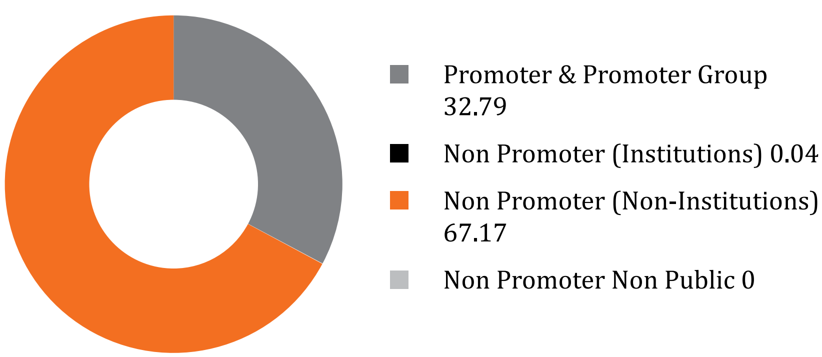
Share Holding	No. of Holders	% Percentage	No. of Shares	% Percentage
Up to 500	15432	64.2450	2323690	1.0983
501 to 1000	3021	12.5775	2641545	1.2485
1001 to 2000	2060	8.5765	3332055	1.5749
2001 to 3000	942	3.9219	2468138	1.1666
3001 to 4000	425	1.7694	1535792	0.7259
4001 to 5000	519	2.1608	2509855	1.1863
5001 to 10000	775	3.2266	5993238	2.8327
Above 10000	846	3.5222	190766444	90.1667
Grand Total	**24020**	**100.0000**	**211570757**	**100.0000**

Report on Corporate Governance *(Contd.)*

14) Pattern of Shareholding as on 31st March 2023

Category	No. of Shares	% of Shares held
Promoter & Promoter Group	69374046	32.79
- Individual/HUF(Indian)	32021	0.02
-Bodies Corporate (Indian)	69342025	32.77
-Individual/HUF (Foreign)	0	0.00
-Bodies Corporate (Foreign)	0	0.00
Mutual Funds	0	0.00
Financial Institutions/Banks	0	0.00
Insurance Companies	92719	0.04
Foreign Institutional Investors	0	0.00
Domestic Companies	81644725	38.59
Foreign Companies	0	0.00
Resident Individual/HUF	58712739	27.75
Non-Resident Individual	1510118	0.71
Foreign National	0	0.00
NBFCs registered with RBI	750	0.01
Clearing Member	110593	0.05
IEPF Authority	125067	0.05
Total	**211570757**	**100.00**

Pattern of the Shareholding as on March 31, 2023



15) Convertible Instruments (outstanding)

There was no convertible instrument outstanding as at the end of the Financial Year on 31st March 2023.

16) Reclassification of two Promoters Group companies into Public category

The Company obtained Shareholders' approval by means of postal ballot through e-voting on 18th February 2022 for re-classification of two "Promoter Group" companies into "Public" category pursuant to Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Thereafter, application was filed with both the Stock Exchanges, approval on which is pending.

17) Commodity or Foreign Exchange Risk and Hedging

During the year, the Company had managed its foreign exchange risk and had not entered into

Report on Corporate Governance *(Contd.)*

any hedge contract against its exposures related to exports & imports and receivable balances & payable balances in connection thereto. Management monitors the commodities/raw materials whose prices are volatile and suitable steps are taken to minimize the risk.

18) Address for Correspondence

The Company's Registered Office is located at 4 Mangoe Lane, 7th Floor, Kolkata – 700 001.

Corporate Office: Ecospace Campus 2B 11F/12, New Town, Rajarhat, North 24 Parganas, Kolkata – 700160.

Correspondence from Shareholders on all matters should be addressed to:

Maheshwari Datamatics Private Limited
Unit: McNally Bharat Engineering Co. Ltd.
23, R.N. Mukherjee Road, 5th Floor,
Kolkata – 700 001
Contact person: Mr. S. Rajagopalan, Vice President
Telephone Nos.: 2243-5029/ 5809;
Fax No: 2248-4787
E-mail: mdpldc@yahoo.com

19) Information pursuant to Regulation 36(3) of the Listing Regulations

Information pursuant to Regulation 36(3) of Listing Regulations pertaining to particulars of Directors to be appointed or re-appointed at the forthcoming Fifty-ninth Annual General Meeting is enclosed as an annexure to the Notice convening the Annual General Meeting.

20) Compliance Certificate of the Auditors

The certificate obtained from M/s. V. Singhi & Associates, Statutory Auditors, regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations is annexed and forms part of this report.

21) Status of the Corporate Insolvency Resolution Process

In continuance of the Corporate Insolvency Resolution Process which commenced with effect from 29th April 2022 under Section 7 of the Insolvency & Bankruptcy Code 2016, the Resolution Professional, Mr. Ravi Sethia and team invited expression of interest and 17 resolution applicants showed interest. In December 2022, 4 of the resolution applicants submitted a resolution plan to bid for the Company thorough NCLT. The resolution process is currently in advanced stages.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Ravi Sethia
Resolution Professional
Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052

Asim Kumar Barman
DIN: 02373956
Director

26th May 2023
Kolkata

Declaration under Regulation 34(3) read with Part D of Schedule V of the Listing Regulations regarding adherence to the Code of Conduct

In accordance with Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, I hereby confirm that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Mission and Vision, the Code of Conduct, as applicable to them for the Financial Year ended 31st March 2023.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Srinivash Singh
Chief Executive Officer

26th May 2023
Kolkata

Independent Auditors' Certificate on Corporate Governance Report

To

The Members of McNally Bharat Engineering Company Limited

1. We have examined the compliance of conditions of Corporate Governance by McNally Bharat Engineering Company Limited ("the Company") for the year ended on 31st March, 2023, as stipulated in regulations 17 to 27 and clauses (b) to (i) sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and as amended ("SEBI LODR").

Managements' Responsibilities

2. The compliance of the conditions of Corporate Governance is the responsibility of the management & Board of Directors including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Regulations.

Auditors' Responsibilities

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. The procedure selected depends on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance conditions with the applicable criteria.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits & Review of Historical Financial Information, & Other Assurance and Related Service Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the written representations provided to us by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V to SEBI LODR for the year ended on 31st March, 2023.

Other matters and Restrictions on use

9. During the year, the Company went into Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code (IBC), 2016, vide Hon'ble NCLT Order dated 29th April 2022, pursuant to an application filed by the Bank of India. As a result, Mr. Anuj Jain, (Registration number IBBI/IPA-001/IP-P00142/2017-18/10306) was appointed as Interim Resolution Professional, and subsequently, vide NCLT Order dated 26th August 2022, Mr. Ravi Sethia, (Registration No. IBBI/IPA-001/IP-P01305/2018-2019/12052) was appointed as the Resolution Professional to manage the Company's affairs, business, and assets during the ongoing process.
10. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. The certificate is addressed and provided to the members of the Company solely for the purpose of complying with the requirement of SEBI LODR, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

A. Sengupta
Partner
Membership No. 051371
UDIN: 23051371BGVSBO7843

26th May 2023
Kolkata

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
McNally Bharat Engineering Company Limited
(Company under Corporate Insolvency Resolution Process)
Four Mangoe Lane, 7th Floor
Surendra Mohan Ghosh Sarani,
Kolkata – 700 001
West Bengal

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **McNally Bharat Engineering Company Limited** (Company under Corporate Insolvency Resolution Process) having CIN: L45202WB1961PLC025181 and having registered office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers and further subject to the Notes as mentioned below, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Aditya Khaitan	00023788	27.06.2011
2.	Nilotpal Roy	00087298	14.02.2020
3.	Asim Kumar Barman	02373956	01.12.2009
4.	Kasturi Roy Choudhury	06594917	14.02.2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate has been issued relying on the documents and information as mentioned hereinabove and as were made available to us or as came to our knowledge for verification without taking any cognizance of any legal dispute(s) or sub-judice matters which may have effect otherwise, if ordered so, by any concerned authority(ies). This certificate is also neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Note:

1. *The Company has been admitted to Corporate Insolvency Resolution Process ('CIRP') vide an Order pronounced by the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench on 29" April 2022 in Company Application No. C.P.(IB)No.891/KB/2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC). Consequently, the Board of Directors of the Company stands suspended as on date.*

NCLT has allowed Application No. IA(.B.C)/766(KB)2022 filed by the Committee of Creditors (CoC) under Section 22(3)(b) read with Section 22(2) of Insolvency & Bankruptcy Code 2016 appointing Mr. Ravi Sethia having Registration No. IBBI/IPA-001/IPPO1305/2018-2019/12052 as the Resolution Professional.

Asit Kumar Labh
Practicing Company Secretary
ACS – 32891 / CP No. 14664
UDIN: A032891E000383802

26th May 2023
Kolkata

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
McNally Bharat Engineering Company Limited
(Company under Corporate Insolvency Resolution Process)
Four Mangoe Lane
Surendra Mohan Ghosh Sarani, 7th Floor
Kolkata – 700 001
West Bengal

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ***McNally Bharat Engineering Company Limited*** (Company under Corporate Insolvency Resolution Process) having its Registered Office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to me during the said audit and also based on the information furnished to me by the officers and the agents of the Company during the said audit.

I have followed the audit practices and processes as were appropriate to the best of my understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis.

My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2023 according to the provisions of (*as amended*) :

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;

(iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent

Secretarial Audit **Report** *(Contd.)*

of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

1. The Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Central Rules, 1972;
2. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; and
3. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

to the extent of its applicability to the Company during the financial year ended 31st March 2023 and my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above, *except*:

Matter of Emphasis:

1. ***The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31st March 2023 as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***
2. ***The Company had defaulted in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares.***
3. ***There was delay in submission of Quarterly disclosure with the Stock Exchange for default in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares, pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated 21st November, 2019 for the Quarter ended 30th June 2022.***

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

I further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Secretarial Audit Report *(Contd.)*

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

(d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, as on date:

(a) The Company is in process of opening Suspense Escrow Demat Account in accordance with SEBI Circular No. SEBI/HO/MIRSD/PoD-1/0W/P/2022/64923 dated 30th December, 2022.

(b) The Company has been admitted to Corporate Insolvency Resolution Process ('CIRP') vide an Order pronounced by the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench on 29" April 2022 in Company Application No. C.P.(IB) No.891/KB/2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC). Consequently, the Board of Directors of the Company stands suspended as on date. NCLT has allowed Application No. IA(.B.C)/766(KB)2022 filed by the Committee of Creditors (CoC) under Section 22(3)(b) read with Section 22(2) of Insolvency & Bankruptcy Code 2016 appointing Mr. Ravi Sethia having Registration No. IBBI/IPA-001/IPPO1305/2018-2019/12052 as the Resolution Professional.

(c) McNally Sayaji Engineering Limited (MSEL), subsidiary of the Company was under Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021. The Resolution Plan of MSEL has been approved by the NCLT, Kolkata Bench, vide Order dated 24th February 2023. Pursuant to the Resolution Plan approved by the Hon'ble NCLT, under Section 31 of the Insolvency and Bankruptcy Code, 2016, all the share capital of MSEL has been cancelled and the said Company ceased to be subsidiary of McNally Bharat Engineering Company Ltd. as on 31st March 2023.

(d) The Company has a Structured Digital Database pursuant to Regulations 3(5) and 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015. However, the implementation of all the provisions of the aforesaid regulations is still in process.

Asit Kumar Labh
Practicing Company Secretary
ACS – 32891 / CP No. 14664
UDIN: AO32891E000383791

26th May 2023
Kolkata

Secretarial Audit Report *(Contd.)*

Management's Reply to Matter of Emphasis in Secretarial Auditor's Report

Most of the points raised by the Secretarial Auditor in his Audit Report as matter of emphasis are self-explanatory and hence the same calls for no further explanation of the Board of Directors. However, the points which call for further explanation are given below with an explanation of the Board of Directors on the same:

Reply to Matter of Emphasis

Sl. No.	Management's Reply
1.	*The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31st March 2023 as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.* Equity shares allotted to promoters are pending dematerialization since the shares are in the process of listing with the Stock Exchange(s).
2.	*The Company had defaulted in payment of interest/ repayment of principal amount on loans from banks/ financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares.* The Company has been admitted to Corporate Insolvency Resolution Process ('CIRP') vide an Order pronounced by the Hon'ble National Company Law Tribunal, Kolkata Bench on 29th April 2022 in Company Application No. C.P.(IB)No.891/KB/2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 and the CIRP process is in progress.
3.	*There was delay in submission of Quarterly disclosure with the Stock Exchange for default in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares, pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated 21st November 2019 for the Quarter ended 30th June 2022.* Due to certain technical problems, the disclosure with respect to defaults in payment of interest/ repayment of principal amount on loans from banks/ financial institutions was submitted on 12th July 2022 for the Quarter ended 30th June 2022.

Secretarial Compliance Report

Secretarial Compliance Report of McNally Bharat Engineering Company Limited (Company under Corporate Insolvency Resolution Process) for the financial year ended 31st March, 2023

I have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by ***McNally Bharat Engineering Company Limited*** (Company under Corporate Insolvency Resolution Process) (hereinafter referred as 'the listed entity'), having its Registered Office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal. Secretarial Review was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, I hereby report that in my opinion, the listed entity has, during the review period covering the financial year ended on 31st March 2023, complied with the statutory provisions listed hereunder and also that the listed entity has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I, Asit Kumar Labh, *Practicing Company Secretary,* have examined:

(a) all the documents and records made available to me and explanation provided by ***McNally Bharat Engineering Company Limited*** (Company under Corporate Insolvency Resolution Process) ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March 2023 ("Review Period") in respect of compliance with the provisions of :

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 ;

and circulars/ guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period :

Secretarial Compliance Report *(Contd.)*

I. (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken By	Type of Action (Advisory/ Clarification/ Fine/ Show Cause Notice / Warning, etc.)	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	SEBI (LODR) Regulations, 2015	Regulation 31(2)	The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2023.	-	-	87.03 % of the shareholding of promoter(s) and promoter group is in dematerialized form as on 31.03.2023.	-	The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2023.	Equity shares allotted to promoters are pending dematerialization since listing applications have been filed with the Stock Exchanges and the shares are in the process of listing.	-
2.	SEBI Circular	SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019	Delay in submission of disclosure with respect to defaults in payment of interest/ repayment of principal amount on loans from banks/ financial institutions.	-	-	The disclosure is required to be submitted within 7 days from the end of quarter. However, the same was submitted on 12.07.2022 for the Quarter ended 30.06.2022.	-	There was delay in submission of Quarterly disclosure with the Stock Exchange for the default in redemption of Non-Convertible Redeemable Preference Shares for the Quarter ended 30th June, 2022.	Due to certain technical problems, the disclosure with respect to defaults in payment of interest/ repayment of principal amount on loans from banks/ financial institutions, was submitted on 12th July 2022.	-
3.	SEBI (LODR) Regulations, 2015	Regulation 17(1A)	No prior approval from shareholders for continuation of directorship on attaining 75 years of age	-	-	Mr. Nilotpal Roy, Non-executive Independent Director, attained the age of 75 years on 14.01.2023, however, shareholders' approval was taken on 18.03.2023.	-	Prior approval from shareholders through special resolution was not taken for continuation of directorship of Mr. Nilotpal Roy, Non-executive Independent Director, on attaining 75 years of age.	The Company has obtained Shareholders' approval by passing special resolution through postal ballot/e-voting on 18th March 2023 with effect from the date of attaining 75 years of age.	-

Secretarial Compliance Report *(Contd.)*

(a) The listed entity has taken the following actions to comply with the observations made in previous reports :

Sl. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken By	Type of Action (Advisory/ Clarification/ Fine/ Show Cause Notice / Warning, etc.)	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	SEBI (LODR) Regulations, 2015	Regulation 31(2)	The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2022.	-	-	87.03 % of the shareholding of promoter(s) and promoter group is in dematerialized form as on 31.03.2022.	-	The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2022.	Equity shares allotted to promoters are pending dematerialization since listing applications have been filed with the Stock Exchanges and the shares are in the process of listing.	-
2.	SEBI Circular	SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019	Non-submission of disclosure with respect to defaults in payment of interest/ repayment of principal amount on loans from banks/ financial institutions.	-	-	The Company had not submitted quarterly disclosure of default as required in the referred SEBI Circular for the Quarter ended 30th June, 2021.	-	The Company had not submitted quarterly disclosure of default as required in the referred SEBI Circular for the Quarter ended 30th June, 2021.	On account of lockdown due to spread of 2nd phase of Covid and non-accessibility of office, the disclosure pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 for the quarter ended June 30, 2021 could not be given for want of various data / financial information. However, when the office re-opened and the situation was somewhat normalized, the Company has submitted the disclosure as required under the said circular for the quarter ended 30th September 2021 onwards.	-
3.	SEBI (LODR) Regulations, 2015	Regulation 47	Non-submission of Newspaper Publication (Financial Results) with the Stock Exchanges.	-	-	The Company has not submitted Newspaper Publications of Quarterly Financial Results with the Stock Exchanges.	-	The Company has not submitted Newspaper Publications of Quarterly Financial Results with the Stock Exchanges.	The Company has submitted the Results with the SE and made publication in the newspaper within the time as prescribed under the regulations.	-

Secretarial Compliance **Report** *(Contd.)*

II. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019 :

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS
1.	**Compliances with the following conditions while appointing/re-appointing an auditor**		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	N.A.	No such case was reported during the financial year under report.
	ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or	N.A.	No such case was reported during the financial year under report.
	iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	N.A.	No such case was reported during the financial year under report.
2.	**Other conditions relating to resignation of statutory auditor**		
	i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee :	N.A.	No such case was reported during the financial year under report.
	a. In case of any concern with the management of the listed entity/ material subsidiary such as non-availability of information / non--cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings. b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non receipt of information / explanation from the Company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable. c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor. ii. Disclaimer in case of non-receipt of information : The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI/NFRA, in case where the listed entity / its material subsidiary has not provided information as required by the auditor.		
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/ CFD/CMD1/114/2019 dated 18th October, 2019.	N.A.	No such case was reported during the financial year under report.

Secretarial Compliance Report *(Contd.)*

III. I hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1.	**Secretarial Standards:** The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under Section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	
2.	**Adoption and timely updating of the Policies:** • All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the listed entity. • All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/circulars/guidelines issued by SEBI.	Yes Yes	
3.	**Maintenance and disclosures on Website:** • The listed entity is maintaining a functional website. • Timely dissemination of the documents / information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s) / section of the website.	Yes Yes Yes	
4.	**Disqualification of Director:** None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	The Company has been admitted to Corporate Insolvency Resolution Process ('CIRP') vide an Order pronounced by the Hon'ble National Company Law Tribunal, Kolkata Bench on 29th April, 2022 in Company Application No. C.P.(IB)No.891/KB/2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016. Consequently, the Board of Directors of the Company stands suspended as on date.
5.	**Details related to Subsidiaries of listed entities have been examined w.r.t.:** (a) Identification of material subsidiary companies. (b) Disclosure requirement of material as well as other subsidiaries.	Yes N.A.	During the financial year under report, the Company had one (1) Indian subsidiary and two (2) overseas subsidiaries which were not 'material subsidiaries' as on 31st March 2023. .
6.	**Preservation of Documents:** The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	

Secretarial Compliance Report *(Contd.)*

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
7.	**Performance Evaluation:** The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	No	No Board Evaluation has been conducted during 2022-23 since the Board remained suspended vide NCLT Order w.e.f. 29th April 2022 and the Company is under Corporate Insolvency Resolution Process.
8.	**Related Party Transactions:** (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	N.A. N.A.	The Board of Directors and the Committees stand suspended since the Company is under Corporate Insolvency Resolution Process. All related party transactions were approved / ratified by the Committee of Creditors under advice of Resolution Professional.
9.	**Disclosure of events or information:** The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	**Prohibition of Insider Trading:** The listed entity is in compliance with Regulation 3(5) &3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	The Company has a Structured Digital Database in place; however, implementation of various provisions of the said Regulation is still under process.
11.	**Actions taken by SEBI or Stock Exchanges, if any:** No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	Yes	

Secretarial Compliance Report *(Contd.)*

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
12.	**Additional Non-compliances, if any:** No additional non-compliance observed for any SEBI regulation/ circular/ guidance note etc.	No	1. The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31st March 2023. 2. There was delay in submission of Quarterly disclosure with the Stock Exchange for the default in redemption of Non-Convertible Redeemable Preference Shares for the Quarter ended 30th June, 2022. 3. Pursuant to Regulation 17(1A) of SEBI (LODR) Regulations, 2015, prior approval from shareholders through special resolution was not taken for continuation of directorship of Mr. Nilotpal Roy, Non-executive Independent Director, on attaining 75 years of age. However, the Company has obtained Shareholders' approval through postal ballot/ e-voting on 18th March 2023 with effect from the date of attaining 75 years of age.

Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. My responsibility is to certify based upon my examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. I have not verified the correctness and appropriateness of financial Records and books of accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Asit Kumar Labh
Practicing Company Secretary
ACS No.: 32891
CP No. : 14664
UIN : I2015WB1285500
PRCN : 1587/2021
UDIN : A032891E000376729

26th May 2023
Kolkata

Financial Section

Independent Auditors' Report

To the Members of McNally Bharat Engineering Company Limited Report on the Audit of the Standalone Financial Statements Adverse Opinion

We have audited the accompanying Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31st March, 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the aforesaid Standalone Financial Statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and also does not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, its loss including Other Comprehensive Income, its changes in equity and Statement of cash flows for the year ended on that date.

Basis for Adverse Opinion

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

i. We draw attention to Note 50 to the Standalone Financial Statements 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. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.

ii. We draw attention to Note 6(d) to the Standalone Financial Statements, Claims Recoverable (BG Encashed) amounting to ₹ 36,252.08 Lakhs, including ₹13,690.09 Lakhs under arbitration 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 ₹ 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 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 has stopped recognizing interest income on the same. In absence of any further communication between the Company and VSPL made available to us, 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 7 to the Standalone Financial Statements mentions that the Company had recognized deferred tax assets of ₹ 51,706.60 lakhs up to 31st March, 2018, which is being carried forward in the books by the Company expecting adequate future taxable profits after infusion of fresh funds in the Company by the successful Resolution Applicant against which such deferred tax assets would 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 31st March, 2023.

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

Independent Auditors' Report *(Contd.)*

d) Change in Accounting Estimates and Errors

Note 39 to the Standalone Financial Statements, states that the Company has not restated the Standalone Financial Statement of previous year in which the accounting mistakes/ misstatements occurred. Further, as explained to us, the Company has not approached "National Company Law Tribunal" (NCLT) as per the provisions of section 131 of the Companies Act 2013, which require prior approval of NCLT for recasting of earlier period financial statements.

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Standalone Financial Statements.

Material uncertainty related to Going Concern

The Company has reported a net loss in current year amounting to ₹ 2,47,120.74 Lakhs (previous year ₹ 7,714.23 Lakhs) 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, customers and approval of resolution plan submitted by the prospective investor. 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.

Note 42 to the Standalone Financial Statements has asserted as below for continuing as a going concern:

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, submission of viable resolution plan by the prospective investor and approval thereof by the COC and NCLT respectively. In view of the opinion of the management, resolution and revival of the Company is possible in the foreseeable future and the RP shall also endeavor 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 statements of the company have been prepared on going concern basis. However, we could not gather sufficient audit evidence with respect to the management's this assertion and are unable to comment on preparation of Standalone Financial Statements.

Emphasis of Matters

a) Appointment of Resolution Professional and Constitution of Committee of Creditors

Note 41 to the Standalone Financial Statements informs that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Company vide an order dated 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and were exercisable by the Interim Resolution Professional, Mr. Anuj Jain. Committee of Creditors ("CoC") has been constituted on 18th May, 2022 on the basis of collation of claims.

Thereafter, NCLT has passed order dated 26th August, 2022, approving the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP).

b) Non-Assessment of Pending Litigations

Note 43 to the Standalone Financial Statements refers to the Company's receipt of regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various government authorities such as departments of Goods and Services Tax, Income Tax, etc. In view of Company's admission under CIRP, all existing civil / 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 Standalone Financial Statements as of now.

c) Other Equity

Note 44 to the Standalone Financial Statements, pertains to claims of two financial creditors, Seajuli Developers & Finance Limited (SDFL) and Woodside Parks Limited (WPL). In earlier years, the Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposit from SDFL and WPL amounting to

Independent Auditors' Report *(Contd.)*

₹ 83,804.25 Lakhs. Under CIRP, both the companies have submitted their financial claims to the RP, which the RP has admitted. Hence, the Company reversed its fair valuation gain recognized earlier and classified the same under the head Current Borrowings.

d) Exceptional Items

i) Note 23 and 30 to the Standalone Financial Statements state that the claim of EIG (Mauritius) Limited admitted by RP as per arbitration award amounting to ₹ 7,773.61 Lakhs has been recognized in Standalone Statement of Profit and Loss under the head "Exceptional Items" and consequently interest thereon amounting to ₹888.94 Lakhs has also been accounted for under the head "Finance Costs".

ii) Note 23 and 49 to the Standalone Financial Statements state that one of the subsidiaries, "McNally Sayaji Engineering Limited" (MSEL) was under CIRP vide Hon'ble NCLT order dated 11th February, 2021. During the year, the resolution plan of the successful resolution applicant was approved by the Hon'ble NCLT vide order dated 24th February, 2023. By virtue of the said order approved by the NCLT, the existing Investment of MSEL stood delisted and cancelled.

Consequently, MSEL and MBE Coal & Mineral Technology India Private Limited (step down subsidiary) ceased to be the subsidiaries of the Company. The carrying value of investments in the books for shares held in MSEL amounting to ₹ 17,923.73 Lakhs and advance of ₹ 70.15 Lakhs (net of recovery) has been written off from the books and shown as "Exceptional Item" in the Statement of profit and loss.

Our opinion on the Standalone Financial Statements is not modified in respect of these matters.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	**Estimated Cost to complete the Project / Revenue Recognition:** (Refer note 1(d) to the Standalone Financial Statements) The Company recognises revenue underpercentage of completion method as specified under Indian Accounting Standard 115 "Revenue from Contract with Customers". Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost furtherto be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technicaldata and hence identified as Key Audit Matter.	Our audit approach was combination of test ofinternal controls and substantive procedures which includes the following: 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respectiveprojects. 4. Obtained and relied on the Independent Chartered Engineer's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.

Independent Auditors' Report *(Contd.)*

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
2.	**Provisions and Contingent Liabilities** (Refer note 1(u) and 30 to the Standalone Financial Statements) The Company is involved in various tax and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relate, primarily to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Standalone Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the areais a key matter for our audit.	Our audit approach was a combination of test of controls and substantive procedures which includes the following: 1. Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of the Board and the Sub- committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon ('Other Information')

In view of ongoing Corporate Insolvency Resolution Process (CIRP), the management under RP is responsible for the preparation of the Other Information. The Other Information comprises of the information included in the Management Discussion and Analysis, Board's Report including Annexures to its Report, Corporate Governance and Shareholders Information but does not include the Standalone Financial Statements and our Auditor's Report thereon. The above referred information is expected to be made available to us after the date of this Audit Report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

a) The company has been undergoing Corporate Insolvency Resolution Process ("CIRP") in terms of the provisions of the Insolvency & Bankruptcy Code, 2016 ("IBC") vide order dated 29.04.2022 passed by the Hon'ble National Company Law Tribunal ("NCLT") Kolkata Bench.

   An application for initiation of the Corporate Insolvency Resolution Process ("CIRP") was filed by the Bank of India under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against McNally Bharat Engineering Company Limited ("Corporate Debtor"). The CIRP commenced vide Order dated 29.04.2022 of the Hon'ble National Company Law Tribunal, Kolkata, Bench-I ("Hon'ble Tribunal") and Mr. Anuj Jain (IBBBI registration number: IBBI/IPA-001/IP-P00142/2017-2018/10306) was appointed as the Interim Resolution Professional ("IRP").

Independent Auditors' Report *(Contd.)*

The members of the Committee of Creditors ("CoC") approved the appointment of Mr. Ravi Sethia (IBBI registration number: IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional ("RP") of the Corporate Debtor, and Hon'ble Tribunal confirmed the same vide order dated 26.08.2022 in (I.B.C.) No. 766 of 2022.

The 1st CoC Meeting was held on 02.06.2022 in which, the IRP published Form G for inviting Expression of Interest ("EOI") from potential resolution applicants on 05.07.2022. Thereafter, a final list of 17 PRAs was issued by the IRP on 17.08.2022. The IRP issued Request For Resolution Plan ("RFRP") including Evaluation Matrix and Information Memorandum on 20.08.2022. Thereafter, three Prospective Resolution Applicants ("PRAs") submitted their Resolution Plans on the last date of submission of the Resolution Plan i.e, on 05.12.2022. Another PRA, Rashmi Metaliks Limited submitted the resolution plan after seeking order in this regard from Hon'ble National Company Law Appellate Tribunal. In the 14th CoC Meeting held on 21.01.2023, the Challenge Process took place and revised Resolution Plans were received from the Resolution Applicants by the Resolution Professional on 28.02.2023. Thereafter, in the 22nd CoC Meeting held on 10.04.2023 the Second Challenge Process took place for fresh Resolution Plan.

The CIRP Period of 180 days ended on 31.10.2022. Hon'ble Tribunal vide order dated 01.11.2022 in IA(I.B.C)/1282(KB)2022, extended the period of CIRP by 90 days with effect from 31.10.2022. The RP filed an application bearing IA No. 848/KB/2023 before Hon'ble Tribunal for an extension of the CIRP period by 60 days beyond 270 days ending on 22.04.2023. The IA was heard by Hon'ble Tribunal on 19.05.2023 and order has been reserved by the Hon'ble Tribunal.

b) RP is currently managing the operations of the company and Standalone Financial Statements have been prepared on going concern basis.

In view of ongoing CIRP, the management under the RP, is responsible for the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, including total comprehensive loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the management under the RP is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management under RP is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditors' Report *(Contd.)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management under the RP.
- Conclude on the appropriateness of management under the RP's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   a) we have sought and except for possible effects of the matters described in the basis for Adverse Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements;

   b) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statement.

Independent Auditors' Report *(Contd.)*

d) considering the significance of the matter described in the Basis for Adverse Opinion Section above, in our opinion, the aforesaid Standalone Financial Statements do not comply with the Indian Accounting Standards specified under Section 133 of the Act;

e) on the basis of the written representations received from the directors of the Company, none of the directors is disqualified as on 31st March, 2023 form being appointed as a director in terms of section 164(2) of the Act. However, in view of ongoing CIRP starting from 29th April, 2022, the powers of Board of Directors stand suspended as per section 17 of the Code and such powers are exercised by the Resolution Professional during the year.

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses qualified opinion on the adequacy and operating effectiveness of internal financial control with reference to the financial statement.

g) The adverse remarks on the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above.

h) The matters described in the Basis for Adverse Opinion section above, specially that relating to Non Adjustment of the carrying value of loan and Change in accounting estimates and errors stated in para (b) and (d) of that section, adjustment of balances of Current Assets, current liabilities and Capital Work – In - Progress as per the basis stated in para (a) about pending confirmations and adjustments and Material uncertainty relating to going concern assumption pending approval of resolution plan, in our opinion, may have adverse effect on the functioning of the company.

   i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in the Standalone Financial Statements (Refer Note 30 to the Standalone Financial Statements);

      ii. the Company has made provision as required under the applicable law or accounting standards for material foreseeable losses if any on long term contract including derivative contracts; and

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv.

         a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

         c) Based on our audit procedure that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) or (b) contain any material misstatement. However, in

         respect of the earlier year transactions dealing with loans and advances, securities, guarantees etc. as stated in those years which are forming part of the Basis for Adverse Opinion as given above, we are unable to ascertain and/or comment as required under this para.

Independent Auditors' Report *(Contd.)*

v. The Company has not declared or paid any dividend during the financial year.

vi. By virtue of the Companies (Accounts) Second Amendment Rules, 2022, the requirement for using accounting software which has a feature of recording audit trail as prescribed in Rule 3(1) of the Companies (Accounts) Rules, 2014, is applicable for the Company only with effect from 1st April, 2023.

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

   In our opinion and according to the information and explanations given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(Aniruddha Sengupta)
Partner
Membership No. 051371
UDIN: 23051371BGVSBR8011

Place: Kolkata
Date: 26th May, 2023

Annexure A to the Independent Auditor's Report *(Contd.)*

Referred to in Paragraph-1 under 'Report on Other Legal and Regulatory Requirements' section of even date and except for the effects/possible effects of the matters described in the Basis of Adverse Opinion Section of our audit report and material weaknesses described in the Basis for Qualified Opinion in our separate report on the Internal Financial control with reference to Financial Statement.

(i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of physical verification of Property Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, Property Plant and Equipment have not been physically verified by the Management during the year.

(c) The Company does not own any immovable property as disclosed in Note 3 on Property, Plant & Equipment to the Standalone Financial Statements. Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use- assets) and intangible assets during the year.

(e) As per the information and explanation given to us and as represented by the management no proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and Rules made thereunder.

(ii) (a) The inventories (excluding stocks with third parties), have been physically verified during the

year by the Management at reasonable intervals and no discrepancies of 10% or more in aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by them. Keeping in view, the nature of operations, in our opinion, the procedure for physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.

(b) Due to the reasons stated in Note No 41 pending finalization of the resolution as stated there in, no working capital limit in excess of ₹ 5 crore has been sanctioned or renewed at any point of time during the year. In respect of such limit sanctioned in earlier years, pending regularization thereof based on resolution plan under the finalization by the lender. All the loans taken by the Company are classified under non-performing assets hence, the Company has not filed quarterly returns with the bank .

(iii) (a) During the year the company has not made investments, provided any guarantee or security, granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, LLP or any other parties. Hence, reporting under clause 3(iii)(a) is not applicable.

(b) Considering the uncertainties of recovery of loan, the terms and conditions of the loans granted amounting to Rs. 1,744.38 Lakhs and guarantees given by the company amounting to ₹ 8,000 Lakhs as at the balance sheet date are prejudicial to the Company's interest.

(c) According to the information and explanations given to us, the loans as described in Note 6(c) to the Financial Statements are repayable on demand and accordingly, the schedule of repayment of principal and payment of interest has not been stipulated and the receipts are not regular.

(d) In case of loans given, the schedule for repayment of principal or payment of interest have not been stipulated and therefore we are unable to comment on the amount overdue for more than ninety days.

(e) According to the information and explanations given to us and based on our examination of the records of the Company, there is no loan or advance in the nature of loans granted, has fallen due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

Annexure A to the Independent Auditor's Report *(Contd.)*

(f) The loans or advances in the nature of loans granted in earlier years without specifying any term or period of repayment or repayable on demand as stated above ₹ 1,744.38 Lakhs is outstanding as on 31st March, 2023. The details in respect of these loans are as follows:

Particulars	All Parties
The aggregate amount of loans/advances in nature of loans	**1,744.38 Lakhs**
Total Loans	**3,169.50 lakhs**
Percentage of loans/ advances in nature of loans to the total loans	55.04%

(iv) According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company has neither granted any loans nor provided any guarantee or security as specified in Section 185 of the Act. The Company has complied with the Section 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

(v) The Company has neither accepted any deposit nor accepted any amount which are deemed to be deposits from the public during the year within the meaning of directives issued by the Reserve Bank of India under sections 73 to 76 of the Act and the rules framed there under to the extent notified. Accordingly, clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the same as maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub- section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether the same are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

a) There were certain delays during the year in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax as applicable to it. There were no such delays in respect of amount payable towards Custom Duty, Sales Tax, and other material statutory dues as applicable to it.

The following undisputed statutory dues were unpaid as at 31st March, 2023 for more than six months from the date the same became payable:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount Relates	Due Date
Income TaxAct, 1961	TDS /s 194A	7.15	November,2017	7th December, 2017
		13.59	December,2017	7th January, 2018
		6.61	January, 2018	7th February, 2018
		14.3	February, 2018	7th March, 2018
		43.05	March, 2018	7th April, 2018
		41.21	March, 2019	7th April, 2019
	TDS U/s 194J	7.5	December, 2017	7th January, 2018
		25	March, 2018	30th April, 2018

Annexure A to the Independent Auditor's Report *(Contd.)*

b) Details of dues of Sales Tax, Value Added Tax, Service Tax, Central Excise Duty, Goods and Services Tax, Entry Tax and Income Tax which have not been deposited as on 31st March, 2023 on account of disputes are given below:

Name of the Statute	Forum where dispute is pending	Nature of Dues	Financial year to which the amount relates	Amount involved (₹ in Lakhs)
Income Tax Act, 1961	CIT (Appeal)	Income Tax	2015-16	4,776.28
		TDS	2014-15	111.87
		TDS	2015-16	302.82
	AO(TDS)	TCS	2015-16	6.35
	AO(TDS)	TDS	2016-17	322.10
	Income Tax Appellate Tribunal (ITAT)	Income Tax	2016-17	2,370.85
Sales Tax/Value Added Tax Acts	Assistant Commissioner/ Additional Commissioner/Deputy Commissioner/ Commissioner	SalesTax and VAT	2008-09 to 2017-18	12,027.78
	Appellate Tribunal andRevisional Board	SalesTax and VAT	2006-07 to 2017-18	5,739.17
	Supreme Court/ High Court	SalesTax and VAT	2005-06 to 2017-18	21,054.25
The Central Excise Act, 1944	Custom Excise and Service Tax Appellate Tribunal	Central Excise	2018-19, 2020-21	300.77
	High Court	Central Excise	2016-2017	25.00
The Finance Act, 1994	Custom Excise and Service Tax Appellate Tribunal	Service Tax	2003-04 to 2011-12	1,810.53
Entry TaxAct.	High Court, Supreme Court, Appellate Tribunal, Commissioner Appeal	EntryTax	2005-08, 2010-11 to 2017-18	975.27
Goods and Service TaxAct, 2017	Deputy Commissioner/ Joint Commissioner	GST	2017-18	261.60
	DGGI Maharashtra	GST	2017-19	2,137.14
	Audit Cell Telangana	GST	2017-18 to 2019-20	339.61
	Audit Cell Tamil Nadu	GST	2017-18 to 2019-20	324.61

Annexure A to the Independent Auditor's Report *(Contd.)*

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, clause 3(viii) of the Order is not applicable.

(ix) (a) (i) The Company has defaulted in repayment of loans and borrowings to Banks and the details of continuing default in repayment of loans or payment of interest as provided to us, are as below:

Nature of borrowing including debt securities	Name of the Lender	Amount not paid on due date (₹ in Lakhs)		No. of days of delay or unpaid		Remarks, if any
		Principal	Interest	Principal	Interest	
External Commercial Borrowing	ICICI Bank	544.54	521.28	1560	1462	The lender has filed the claim to IRP/RP which is provisionally admitted.
Working Capital Demand Loan	Axis Bank Limited	12,660.40	9,226.99	1465	1465	
	Standard Chartered Bank	3,415.90	2,412.39	1521	1432	
Cash Credit from Banks	Indian Bank (Formerly known as Allahabad Bank)	8,358.77	6,635.75	1451	1451	
	Axis Bank Limited	21,788.79	15,879.83	1465	1465	
	Bank of Baroda	4,102.18	4,019.65	1462	1462	
	Bank of India	45,494.21	30,275.82	1438	1438	
	Canara Bank	2,346.80	2,217.57	1430	1430	
	DCB Bank	280.57	155.57	1096	1096	
	ICICI Bank	18,047.67	17,276.83	1523	1523	
	IDBI Bank	17,552.96	17,483.97	1462	1462	
	Karur Vysya Bank	8,427.14	7,664.06	1527	1527	
	Lakshmi Vilas Bank	96.06	84.96	886	886	
	Punjab National Bank*	16,036.45	13,404.90	1474	1474	
	Standard Chartered Bank	2,317.28	1,636.51	1432	1432	
	State Bank Of India	25,001.29	29,803.94	1404	1404	
	UCO Bank	567.80	1,015.14	1096	1096	
	Union Bank	15,199.12	10,252.35	1432	1432	

* Oriental Bank of India and United Bank of India got merged into Punjab National Bank. Amount of Principal and Interest includes their balances.

Annexure A to the Independent Auditor's Report *(Contd.)*

(ii) According to the information and explanations given to us, the loans and interest thereon that have been demanded for repayment by the other lenders during the year is provided below:

Nature of Borrowing including debt securities	Name of the Lender	Amount not paid on due date (₹in Lakhs)		No. of days of delay or unpaid	
		Principal	Interest	Principal	Interest
Inter Corporate Borrowings	Other Lenders	1,08,271.57	21,601.66	225	225

(a) The Company has not taken any loan from the Financial Institution or Government nor issued any debentures during the year.

(b) According to the information, explanation and representation given to us by the management, the Company has not been declared wilful defaulter by any bank or financial institution or government or government authority.

(c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements, the Company has not raised any funds on short- term basis during the year. Accordingly, clause 3(ix)(d) of the order is not applicable.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates and joint ventures. Accordingly, clause 3(ix)(e) of the order is not applicable.

(f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, clause 3(ix)(f) of the order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, no case of fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act has been filed in form ADT–4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company. Accordingly, clause 3(xii)(a), (b) and (c) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has complied with the provisions of Sections 177 and 188 of the Act, where applicable for transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

(xiv) (a) According to the information and explanations given to us and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) According to the information and explanations given to us and based on our examination of records, the Company has not entered into any non-cash transactions specified under section 192 of the Act with directors or persons connected with directors during the year. Accordingly, Clause 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934. Accordingly reporting under clause 3(xvi)(a),(b),(c) and (d) of the Order is not applicable.

Annexure A to the Independent Auditor's Report *(Contd.)*

(xvii) Based on the examination of records, the Company has incurred cash losses of ₹ 2,46,714.83 Lakhs in the current financial year and ₹ 7,061.99 Lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the Statutory Auditors of the Company during the year and accordingly clause 3 (xviii) of the order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Management under RP and Management plans and based on our examination of the evidence supporting the assumptions, we are of the opinion that material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern.

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Based on our examination of records of the Company and information and explanations given to us, the requirement of Section 135 of the Act is not applicable to the company. Hence, paragraph 3(xx) (a) and (xx) (b) of the Order is not applicable.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(Aniruddha Sengupta)
Partner
Membership No. 051371
UDIN: 23051371BGVSBR8011

Place: Kolkata
Date: 26th May, 2023

Annexure B to the Independent Auditor's Report *(Contd.)*

Referred to in Paragraph 2(f) on Other Legal and Regulatory Requirements of our Report to the members of McNally Bharat Engineering Company Limited of even date

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In connection with our audit of the Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company") as of and for the year ended 31st March, 2023, we have audited the internal financial controls with reference to Standalone Financial Statements of the Company.

Management's Responsibility for Internal Financial Controls

The respective management under the Resolution Professional (RP) of the Company is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements of future periods are subject to the risk that the internal financial controls with reference to financial statements may

Annexure B to the Independent Auditor's Report *(Contd.)*

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the company's internal financial control over financial reporting with reference to financial statements as at 31st March, 2023:

(i) with respect to the Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate the appropriateness of the carrying amount of deferred tax, Impairment of trade receivable and other financial assets and recognition of gain on fair valuation of financial assets.

(ii) with respect to receivables appropriate provisioning did not operate effectively which resulted in non- ascertainment of adequate provisioning against the receivables.

(iii) with respect to loan given the company did not have appropriate system to evaluate the credit worthiness of the party and recoverability of monies given including interest thereon and also ensuring the compliances with respect to provisions of the Companies Act, 2013 so that these are not considered to be prejudicial to the interest of the Company.

(iv) Certain individual details of debit and credit balances and reconciliation thereof with control balances of receivable/ payable including supporting evidence for movement thereof as given in Note no. 50 of the financial statement were not available. IT Control systems and procedures needs strengthening in terms of framework for Internal Control over financial reporting with reference to financial statements taking into account related controls and procedures as stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India so as to facilitate required reconciliations and provide details for documentation with respect to internal financial controls in the respective areas; and

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion as well as to the best of our information and according to the explanation given to us, except for the effects/ possible effects of the material weakness described in the Basis for Qualified Opinion section above on the achievement of the objective of control criteria; the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023 based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. We have considered the material weakness identified and report in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company for the year ended 31st March, 2023, and these material weaknesses have affected our opinion on the said financial statements of the company and we have issued an adverse opinion on the financial statements of the company.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(Aniruddha Sengupta)
Partner
Membership No. 051371
UDIN: 23051371BGVSBR8011

Place: Kolkata
Date: 26th May, 2023

Standalone Balance Sheet as at 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	1,670.83	2,002.15
Right to use Assets	3	97.47	162.45
Capital work-in-progress	3	462.62	462.62
Other Intangible assets	4	56.54	47.15
Financial Assets			
i. Investments	5	124.80	18,051.51
ii. Other Financial Assets	6(d)	5.04	14.58
Deferred tax assets (net)	7	51,706.60	51,706.60
Total Non-current Assets		**54,123.90**	**72,447.06**
Current assets			
Inventories	8	74.68	165.82
Financial Assets			
i. Trade Receivables	6(a)	75,237.37	95,549.56
ii. Cash and cash equivalents	6(b)	2,948.23	2,412.41
iii. Bank balances other than (ii) above	6(b)	11.37	-
iv. Loans	6(c)	1,744.38	1,744.38
v. Other financial assets	6(d)	34,290.70	36,098.11
Current Tax Assets (net)	9	230.89	873.43
Other current assets	10	40,844.45	45,883.52
Total Current Assets		**1,55,382.07**	**1,82,727.23**
Total Assets		**2,09,505.97**	**2,55,174.29**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	21,157.08	21,157.08
Other equity	11(b)	(3,53,712.41)	(22,796.45)
Total Equity		**(3,32,555.33)**	**(1,639.37)**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	12(a)	-	14,788.69
ii Lease Liabilities	12(c)	24.22	88.88
Provisions	13	259.06	203.34
Total Non-current Liabilities		**283.28**	**15,080.91**
Current liabilities			
Financial Liabilities			
i. Borrowings	12(b)	3,10,509.51	2,03,148.79
ii Lease Liabilities	12(c)	87.60	87.60
iii. Trade payables	12(d)		
Total outstanding dues of micro enterprises and small enterprises		184.22	193.96
Total outstanding dues of creditors other than micro enterprises and small enterprises		22,666.51	21,551.40
iv. Other financial liabilities	12(e)	2,03,112.40	11,480.54
Provisions	13	92.32	78.95
Other current liabilities	14	5,125.46	5,191.51
Total Current Liabilities		**5,41,778.02**	**2,41,732.75**
Total Liabilities		**5,42,061.30**	**2,56,813.66**
Total Equity and Liabilities		**2,09,505.97**	**2,55,174.29**
Significant Accounting Policies	1-2		

The above standalone statement of balance sheet should be read in conjunction with the accompanying note nos. 1 to 55.

This is the statement of Balance Sheet referred to in our report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place: Kolkata
Date : 26th May, 2023

For McNally Bharat Engineering Company Limited

(Asim Kumar Barman)
Director
DIN: 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Standalone Statement of Profit & Loss for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue from operations	15	22,827.54	25,270.74
Other income	16	4,178.77	6,285.94
Total income		**27,006.31**	**31,556.68**
Expenses			
Cost of Materials Consumed	17	12,321.63	12,006.63
Outsourcing Expenses to Job workers		9,644.30	11,819.90
Employee Benefit Expense	18	3,779.57	4,407.30
Finance Costs	19	1,93,536.72	4,660.53
Depreciation and Amortisation expense	20	396.87	609.45
Other Expenses	21	28,680.47	5,767.10
Total expenses		**2,48,359.56**	**39,270.91**
Exceptional Item	23	25,767.49	-
Profit / (Loss) before tax		**(2,47,120.74)**	**(7,714.23)**
Income tax expense	22		
- Current tax		-	-
- Deferred tax		-	-
Total Tax Expense		**-**	**-**
Profit / (Loss) for the year		**(2,47,120.74)**	**(7,714.23)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit plans (net of taxes)		9.04	42.79
Other Comprehensive Income for the year		**9.04**	**42.79**
Total Comprehensive Income/(Loss) for the year		**(2,47,111.70)**	**(7,671.44)**
Earnings Per Share	34		
Basic Earnings Per Share (Face value of INR 10 each)		(116.80)	(3.65)
Diluted Earnings Per Share (Face value of INR 10 each)		(116.80)	(3.65)
Significant Accounting Policies,Judgement,Estimates and Assumptions	1-2		

The above standalone statement of profit and loss accounts should be read in conjunction with the accompanying note nos. 1 to 55.

This is the statement of Profit and Loss referred to in our report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place: Kolkata
Date : 26th May, 2023

For McNally Bharat Engineering Company Limited

(Asim Kumar Barman)
Director
DIN: 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Standalone Statement of Changes in Equity for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Notes	Equity Share Capital
As at 31st March, 2021		**21,157.08**
Changes in Equity Share Capital	11(a)	-
As at 31st March, 2022		**21,157.08**
Changes in Equity Share Capital	11(a)	-
As at 31st March, 2023		**21,157.08**

B. Other Equity

Particulars	Notes	Reserves and Surplus					Total
		Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at 1st April, 2022		1,12,869.05	(2,21,120.39)	101.00	1,549.64	83,804.25	(22,796.46)
Profit/(Loss) for the year		-	(2,47,120.74)	-	-	-	(2,47,120.74)
Other Comprehensive Income		-	9.04	-	-	-	9.04
Total Comprehensive Income for the year		**-**	**(2,47,111.69)**	**-**	**-**	**-**	**(2,47,111.69)**
Reversal of Fair value gain on Financial Liabilities	44	-	-	-	-	(83,804.25)	(83,804.25)
		-	**-**	**-**		**(83,804.25)**	**(83,804.25)**
Balance at 31st March, 2023		**1,12,869.05**	**(4,68,232.08)**	**101.00**	**1,549.64**	**-**	**(3,53,712.41)**

Particulars	Notes	Reserves and Surplus					Total
		Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at 1st April, 2021		1,12,869.05	(2,13,448.95)	101.00	1,549.64	85,148.69	(13,780.57)
Profit/(Loss) for the year		-	(7,714.23)	-	-	-	(7,714.23)
Other Comprehensive Income		-	42.79	-	-	-	42.79
Total Comprehensive Income for the year		**-**	**(7,671.44)**	**-**	**-**	**-**	**(7,671.44)**
Reversal of Fair value gain on Financial Liabilities	44					(1,344.43)	(1,344.43)
		-	**-**	**-**		**(1,344.43)**	**(1,344.43)**
Balance at 31st March, 2022		**1,12,869.05**	**(2,21,120.39)**	**101.00**	**1,549.64**	**83,804.25**	**(22,796.45)**

Note :

An amount of ₹ 620 Lakhs (including Securities Premium of ₹ 520 Lakhs) was received by the Company as 25% subscription money from two parties towards allotment of 40,00,000 Equity Share Warrants. On non-exercise of their option attached to the warrants for subscription of Equity Shares of the Company, the Company has forfeited the amount during the financial year 2019-20.

Standalone Statement of Changes in Equity for the year ended 31st March, 2023

The above standalone statement of Changes in Equity should be read in conjunction with the accompanying note nos. 1 to 55.

This is the statement of Changes in Equity referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place: Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN: 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Standalone Statement of Cash Flows for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flow from operating activities		
Profit/(Loss) before income tax	**(2,47,120.74)**	**(7,714.23)**
Adjustments for:		
Exceptional items	25,767.49	-
Depreciation	396.87	609.45
Finance Costs	1,93,536.72	4,660.53
Interest Income	(3,994.55)	(3,639.84)
Loss/(Profit) on Disposal of Property, Plant and Equipment (Net)	0.68	(80.99)
Provision for Bad & Doubtful Debts/Claims	-	30.22
Provision for Slow moving Stock	44.29	-
Remeasurements of post-employment benefit plans OCI	9.04	42.79
Liquidated Damages	6,349.88	-
Expected credit loss provided for/(written back)	14,193.46	(1,689.45)
Receivables written off	5,328.50	119.72
Provision for Claim recoverable	-	846.82
Provision for Future Foreseeable Losses in Construction Contracts	(533.78)	(1,199.11)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	141.99	100.81
Net (gain)/loss on financial assets measured at fair value through profit or loss	2.98	2.87
Change in operating Assets and Liabilities:		
(Increase)/Decrease in trade receivables	(364.88)	11,259.36
(Increase)/Decrease in inventories	46.85	127.18
Increase/(Decrease) in trade payables	1,105.38	(837.64)
(Increase)/Decrease in other financial assets	(568.03)	(8,958.58)
(Increase)/decrease in other non-current assets	-	1.83
(Increase)/decrease in other current assets	4,968.92	2,538.63
Increase/(decrease) in provisions	69.09	(1.17)
Increase/ (decrease) in other financial liabilities	(264.17)	(930.85)
Increase/ (decrease) in other liabilities	(66.04)	3.43
Cash generated from operations	**(950.03)**	**(4,708.22)**
Income taxes (paid)/Refund (net)	642.54	3,290.01
Net cash inflow / (outflow) from operating activities	**(307.49)**	**(1,418.21)**
Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(0.14)	(21.19)
Purchase of Other Intangible assets	(10.50)	-
Proceeds from sale of Property, Plant and Equipment	-	266.71
Deposits matured/(made) during the year	(1.83)	58.24
Interest received	107.39	3,639.84
Net cash inflow / (outflow) from investing activities	**94.92**	**3,943.60**

Standalone Statement of Cash Flows for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flows from financing activities		
Proceeds from borrowings#	3,992.28	4,608.14
Repayment of borrowings	(2,998.11)	(2,764.98)
Lease Repayment	(87.60)	(43.80)
Finance Cost	(158.18)	(4,635.19)
Net cash inflow / (outflow) from financing activities	**748.39**	**(2,835.83)**
Net increase / (decrease) in cash and cash equivalents	**535.82**	**(310.44)**
Cash and cash equivalents at the beginning of the financial year	2,412.41	2,722.85
Cash and cash equivalents at end of the year	**2,948.23**	**2,412.41**

Particulars	2022-23	2021-22
Cash on Hand	1.11	0.93
Balances with banks in Current Account	1,987.61	2,404.26
Balances with banks in Cash Credit Account	6.15	6.48
Deposits with mauturity of less three months	953.36	0.75
Total Cash and Cash Equivalents	**2,948.23**	**2,412.41**

1. The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard
2. Previous period figures have been regrouped / rearranged wherever necessary.

   # Other Adjustment of Rs. 83804.25 lakhs is in respect of Current Borrowings as reversal of fair value gain on deferment of advances received from certain companies and converted into interest free Inter Corporate Deposits(ICDs) during earlier years {Refer Note 11(b)(v) and Note 44}.

Notes:

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of cash flows.

   The above standalone statement of cash flows should be read in conjunction with the accompanying note nos. 1 to 55.

The above standalone statement of cash flows should be read in conjunction with the accompanying note nos. 1 to 55.
This is the statement of cash flows referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place: Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN: 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

Corporate Information

McNally Bharat Engineering Company Limited (MBECL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Four Mangoe Lane, Kolkata- 700001 and Corporate Office is located at Campus 2B, Ecospace Business Park, 11F/12 Rajarhat, New Town, Kolkata- 700156. The Company's Equity Shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is engaged in diversified construction activities, primarily execution of Turnkey Projects.

The Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench vide order dated 29.04.2022 while admitting section 7 application under Insolvency and Bankruptcy Code, 2016 of one of the financial creditors, initiated Corporate Insolvency Resolution Process against the company.

CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was initially appointed as the Interim Resolution Professional in the said matter. Subsequently, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP) vide NCLT order dated 26.08.2022.)

The CIRP under Insolvency and Bankruptcy Code, 2016 is in progress.

This note provides a list of significant accounting policies adopted in the preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1: Significant Accounting Policies

(a) Basis of Preparation of Standalone Financial Statements

(i) Compliance with Ind AS

The Standalone Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Standalone Financial Statements.

(ii) Historical cost convention

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments); and
- Defined benefit plans – plan assets measured at fair value.
- Share-based Payments

(iii) Current versus Non Current Classification

All assets and liabilities have been classified as current or non - current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 12 months.

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Standalone Financial Statements are continually evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.]

(b) Segment Reporting

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC). Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Chief Operating Officer and Chief Financial Officer for the purpose of resource allocation and assessing performance focuses on the business as a whole. The CODM reviews the Company's performance on the analysis of profit before tax at an overall level. Further, there are no reportable geographical segments since significant business is within India. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

(c) Foreign Currencies

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other Income'. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Standalone Statement of Profit and Loss.

(i) Functional Currency

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (INR), which is the functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Standalone Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Standalone Statement of Profit and Loss on a net basis within other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (India Accounting Standard) Amendment Rules, 2018. The new standard was effective for accounting periods beginning on or after April 1, 2018. The Company has adopted Ind AS 115 using the modified retrospective approach. The adoption of the standard did not have any material impact to the Standalone Financial Statements of the Company.

The Company derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminum, Material Handling, Mineral Beneficiation, Pyroprocessing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. (together called as "turnkey solutions").

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable considerations) allocated to that performance obligation. The transaction price of goods and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as per the contract.

Notes forming part of the Standalone Financial Statements

(i) Sale of Goods and services

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Company's revenue and profit or loss. The Company has concluded that the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services be provided (percentage of completion method).

(ii) Construction Contracts

Revenue from contracts are recognised with reference to the stage of completion method in accordance with Ind AS - 115. Obligations under the long term construction contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Company. Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included as a liability as advances received. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

(iii) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Export Benefits

Export incentives are accounted for in the year in which the entitlements are realised.

(v) Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax expense/ (income).

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Standalone Statement of profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used till the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in Equity. In such cases, the taxes are also recognised in Other Comprehensive Income or directly in Equity, as the case may be.

(f) Leases

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee (Assets taken on lease)

The Company recognizes a Right-of-use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, if applicable. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or those payments occur.

As a Lessor

Lease income from operating lease where the Company is a lessor is recognised in income. The respective leased assets are included in the Standalone Balance Sheet based on their nature.

(g) Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Standalone Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, demand deposits with banks, other short-term deposits, highly liquid investments, if any, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Standalone Balance Sheet.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(i) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

(j) Inventories

Inventories consists of raw materials and components, stores and spares, loose tools which are valued at cost and work in progress and finished goods which are stated at lower of cost or net realizable value. Cost of inventories comprises cost of purchases. Cost of work in progress and finished goods comprise direct material, direct labour and an appropriate portion of variable and fixed overhead expenditure. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Cost of purchases in relation to inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Standalone Statement of Profit and Loss. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Gains and losses are recognised in the Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(iii) De-recognition of financial liabilities:

A financial liability (or a part of financial liability) is de-recognised from Company's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

(l) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss, and
- Those measured at amortized cost.
- Those to be measured subsequently at fair value through other comprehensive income, and

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Standalone Statement of Profit and Loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Standalone Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price. Further, in respect of retention amount receivable from customers the management generally has intention to provide bank guarantee to get an instant release of retention amount from customers. Therefore, the retention amounts are generally carried at amortized cost less provision for impairment

Investments in Subsidiaries and Joint Ventures are recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets". Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, joint venture and Associates the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(a) Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(b) Equity instruments at Fair value through Profit or loss (FVTPL) - The Company subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/ (losses) in the Standalone Statement of Profit and Loss. The Company has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of Financial Assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the company operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Standalone Statement of Profit and Loss.

For trade receivables and due from customers, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(m) Derivatives that are not designated as hedges

Derivatives are initially recognsied at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

i. it is probable that future economic benefits associated with the item will flow to the entity; and

ii. the cost of an item can be measured reliably.

All items of Property, Plant and Equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Standalone Statement of Profit and Loss during the reporting period in which they are incurred.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Class of Assets	Useful Lives as followed by the management
Plant and Machinery	3 to 20 years

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the Standalone Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(p) Investment Properties

Property that is held for long term rental yields or for capital appreciation or both, and is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to Statement of Profit and Loss during the reporting period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced cost is derecognized.

Investment properties are depreciated using straight line method over the estimated useful lives.

On transition to Ind AS, the group has elected to continue with the carrying value of its investment properties measured at the previous GAAP and use that carrying value as the deemed cost of investment properties.

(q) Intangible Assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of its intangible assets measured at the previous GAAP and use that carrying value as the deemed cost of intangible assets."

(i) Computer Software

Costs incurred on computer software resulting in future economic benefits are capitalized as Intangible Assets.

Intangible Assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining software programs are recognised as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortised from the point at which the asset is available for use.

(ii) Research and Development

Expenditure on Research and Development that does not meet the criteria laid out in the standard are recognized as expenses as and when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent period.

Development costs are recognised as intangible assets when the following criteria are met:

1. it is technically feasible to complete the intangible asset so that it will be available for use
2. management intends to complete the intangible asset and use or sell it
3. there is an ability to use or sell the intangible asset
4. it can be demonstrated how the intangible asset will generate probable future economic benefits
5. adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
6. the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(iii) Amortisation methods and periods

Computer software are amortized on a straight line basis over a period of three years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of borrowings using the effective interest method.

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these Preference Shares are recognized in the Standalone Statement of Profit and Loss as finance costs.

Borrowings are derecognised from the Standalone Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Standalone Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost.

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Standalone Statement of Profit and Loss in the period in which they are incurred.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre – tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense in the Standalone Statement of Profit and Loss.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle the

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

obligation or amount of the obligation cannot be measured with sufficient reliability.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

Provision for warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information of previous 18 months' sales on an average, management estimates regarding possible future incidence based on corrective actions on product failure.

(v) Employee Benefits

(i) Short – term Obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 12 months after the year end and non - monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the Standalone Balance Sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

Employees' State Insurance Scheme: Contribution to Central Government of India administered Employees' State Insurance Scheme for eligible employees is recognized as charge in the Standalone Statement of Profit and Loss in the year in which they are accrued.

(ii) Other Long Term Employee Benefit Obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Standalone Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

The obligations are presented as current liabilities in the Standalone Balance Sheet if the entity does not have an unconditional right to defer settlement for at least the operating cycle after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Defined Benefit Plans

The Company operates defined benefit plans such as Gratuity, Post - employment medical obligations and Provident Fund (administered by independent Trust).

The Company provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. The gratuity fund is administered by independent Trustees. Plan assets are managed by Life Insurance Corporation of India (LICI).

The Company provides for post – retirement medical benefits to eligible retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

The Company has a provident fund benefit plan which is administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, it is categorized as a defined benefit plan.

The liability or asset recognized in the Standalone Balance Sheet in respect of the above defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

- Superannuation Fund

This is the defined contribution plan. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

- Gratuity

This is a defined benefit plan. The schemes, which are funded with Life Insurance Corporation of India (LIC), are administered by independent trusts. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Standalone Statement of Profit and Loss.

Re-measurement gains and losses arising from experience and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Standalone Statement of Profit and Loss as past service cost.

- Bonus plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(w) Non- Current Assets held for sale.

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats the sale of the asset or disposal group to be highly probable when:

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

a) The appropriate level of management is committed to a plan to sell the asset (or disposal group),

b) An active programme to locate a buyer and complete the plan has been initiated (if applicable),

c) The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current Assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less cost to sell. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

(x) Other Assets held for sale

Any other asset (tangible or intangible) held for sale is disclosed separately in Financial Statements, as appropriate. PPE and Intangible Assets once classified as held for sale are not depreciated or amortised.

(y) Exceptional items

When items of income and expenses within the statement of profit and loss from ordinary activities are of such size, nature and or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

(z) Contributed Equity

Equity Shares are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

(aa) Dividends Payment

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ab) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

- Profit/ (Loss) attributable to equity shareholders of the Company
- By the weighted average number of Equity Shares outstanding during the financial year, adjusted for the effect of all dilutive potential Equity Shares.

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in their determination of basic earnings per share to take into account

- Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and
- The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

(ac) Recent pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, the effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Rules are stated below:

Ind AS 1 - Presentation of Financial Statements -

This amendment requires the entities to disclose their material accounting policies rather than their significant

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

accounting policies. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 - Income Taxes -

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 107 - Financial Instruments Disclosures -

This amendment has made an addition which says that "Information about the measurement basis for financial instruments used in preparing the financial statements is material accounting policy information and is to be disclosed." The Company has evaluated the amendment and there is no impact on its standalone financial statements.

(ad) Rounding off amounts

All amounts disclosed in the Standalone Financial Statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Act, unless otherwise stated.

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Standalone Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements. Accounting estimates could change from period to period. Actual results could differs from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements.

In the process of applying the company's accounting policies, management has made the following estimates, judgements and assumptions, which have the significant effect on the amounts recognised and disclosed in the Standalone Financial Statements:

1. Going Concern Assumptions in the preparation of the Standalone Financial Statements.
2. Expected Cost of Completion of Contracts.
3. Fair Value Measurement of Financial Instruments.
4. Impairment of Investments in Joint Venture and Subsidiaries
5. Recognition of Deferred Tax Assets for carried forward tax losses
6. Impairment of Trade Receivables and due from customers
7. Provisions, Claims and Contingent Liabilities
8. Estimation of Defined Benefits Obligation
9. Useful life of Property, Plant and Equipment

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 3: Property, Plant and Eqiutment

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital work-in-progress	Right to Use Assets
1st April, 2022							
Gross Carrying Amount	**9,765.28**	**678.24**	**58.12**	**109.92**	**10,611.57**	**462.62**	**194.94**
Additions	-	0.09	-	0.05	0.14	-	-
Disposals/Adjustments	-	-	(13.48)	-	(13.48)	-	-
Closing Gross Carrying Amount	9,765.28	678.33	44.64	109.97	10,598.24	462.62	194.94
Accumulated Depreciation							
Opening Accumulated Depreciation	7,858.57	628.76	51.13	70.95	8,609.43	-	32.49
Depreciation charged during the year	298.77	15.33	1.57	5.44	321.10	-	64.98
Adjustments	9.16	-	-	0.51	9.67	-	-
Disposals	-	-	(12.80)	-	(12.80)	-	-
Closing Accumulated Depreciation	**8,166.50**	**644.09**	**39.90**	**76.90**	**8,927.39**	**-**	**97.47**
Net carrying amount as at 31st March, 2023	**1,598.78**	**34.24**	**4.74**	**33.07**	**1,670.83**	**462.62**	**97.47**
1st April, 2021							
Gross Carrying Amount							
Opening gross carrying amount	**9,932.90**	**723.43**	**60.85**	**106.97**	**10,824.15**	**462.62**	**2,137.64**
Additions	16.04	0.25	-	4.86	21.16	-	194.94
Disposals/Adjustments	(183.66)	(45.45)	(2.73)	(1.91)	(233.74)	-	(2,137.64)
Closing Gross Carrying Amount	**9,765.28**	**678.24**	**58.12**	**109.92**	**10,611.56**	**462.62**	**194.94**
Accumulated Depreciation							
Opening Accumulated Depreciation	**7,436.35**	**598.47**	**47.11**	**106.53**	**8,188.44**	**-**	**296.56**
Depreciation charged during the year	422.22	30.30	4.01	9.05	465.58	-	143.70
Adjustments / Disposal	-	-	-	(44.63)	(44.63)		(407.77)
Closing Accumulated Depreciation	**7,858.57**	**628.76**	**51.13**	**70.95**	**8,609.41**	**-**	**32.49**
Net carrying amount as at 31st March, 2022	**1,906.71**	**49.48**	**6.99**	**38.97**	**2,002.15**	**462.62**	**162.45**

(i) Property, Plant and Equipment pledged as Security

Refer to note 36 on Property, Plant and Equipment and Capital Work-in-progress pledged as security by the Company.

(ii) Capital Commitments

Refer to note 28 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Capital Work-In-Progress Ageing Schedule for the year ended 31st March, 2023 & 31st March, 2022

Capital Work-In-Progress	Amount in CWIP for a period of				
	Less than 1 Year	1 - 2 Year	2 - 3 Year	More than 3 Year	Total
31st March 2023					
Projects temporarily supended	-	-	-	462.62	**462.62**
31st March 2022					
Projects temporarily supended	-	-	-	462.62	**462.62**

The Projects are under dispute, hence temporarily suspended for completion

Note 4: Other Intangible Assets

Particulars	Computer Software *
1st April, 2022	
Gross Carrying Amount	
Opening Gross Carrying Amount	67.53
Additions	10.50
Closing Gross Carrying amount	**78.03**
Accumulated Amortisation	
Opening Accumulated Amortisation	20.38
Amortisation charge for the year	1.11
Closing accumulated amortisation	**21.49**
Net carrying amount as at 31st March, 2023	**56.54**
1st April, 2021	
Gross Carrying Amount	
Opening Gross Carrying Amount	67.53
Additions	-
Closing Gross Carrying amount	**67.53**
Accumulated Amortisation	
Opening Accumulated Amortisation	20.21
Amortisation charge for the year	0.17
Closing accumulated amortisation	**20.38**
Net carrying amount as at 31st March, 2022	**47.15**

* Computer software consists of other than internally generated intangible assets.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 5: Non-current Investments

Particulars	As at 31st March, 2023	As at 31st March, 2022
Investment in Equity Instruments (fully paid-up)		
In Subsidiaries		
Quoted (at cost)		
NIL (31st March , 2022 : 66,68,698) Equity Shares of ₹ 10/- each of McNally Sayaji Engineering Limited*	-	11,640.03
Unquoted (at cost)		
NIL (31st March , 2022 : 36,00,000) Equity Shares of ₹ 10/- each of McNally Sayaji Engineering Limited*	-	6,283.70
99,400 (31st March, 2022 : 99,400) Equity Shares of McNally Bharat Equipments Limited	9.94	9.94
6,49,459 (31st March, 2022 : 6,49,459) Equity Shares of ₹ 10/- each of MBE Mineral Technologies Pte Limited (Cost ₹ 2550.74, fully impaired)	2,550.74	2,550.74
4,99,99,996 (31st March, 2022 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited (Cost ₹ 4.69 , fully impaired)	4.69	4.69
100 (31st March, 2022 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited (Cost ₹ 0.13, fully impaired) - deregistered w.e.f 30th June, 2017)	0.13	0.13
In Joint Ventures		
Unquoted (at cost)		
87,500 (31st March, 2022 : 87,500) Equity Shares of EMC MBE Contracting Company LLC (Cost ₹ 152.31, fully Impaired)	152.31	152.31
Equity Instruments carried at Fair Value Through Profit and Loss		
Quoted		
10,960 (31st March, 2022 : 10,960) Equity Shares of ₹ 5/- each of Eveready Industries India Limited	31.66	36.71
10,960 (31st March, 2022: 10,960) Equity Shares of ₹ 5/- each of McLeod Russel India Limited	1.86	2.50
Total (Equity Instruments)	**2,751.34**	**20,680.76**
Investment in Mutual Funds		
Unquoted		
3,62,970.078 (31st March, 2022 : 3,62,970.078 units of L&T Short Term Opportunities Growth Fund (Refer note 36)	81.33	78.62
Total (Mutual Funds)	**81.33**	**78.62**
Impairment in the value of Investments carried at cost		
6,49,459 (31st March , 2022 : 6,49,459) Equity Shares of ₹ 10/- each of MBE Mineral Technologies Pte Limited	2,550.74	2,550.74
4,99,99,996 (31st March, 2022 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited	4.69	4.69
100 (31st March , 2022 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2023	As at 31st March, 2022
87,500 (31st March, 2022 : 87,500) Equity Shares of EMC MBE Contracting Company LLC	152.31	152.31
Total Impairment	**2,707.87**	**2,707.87**
Total Non-current Investments	**124.80**	**18,051.51**
Aggregate amount of market value of Quoted Investments *	33.52	11,679.25
Aggregate amount of unquoted Investments	91.27	6,372.26
Aggregate amount of impairment in the value of Investments	2,707.87	2,707.87

McNally Sayaji Engineering Limited (MSEL), subsidiary of the Company, was admitted to CIR process vide order dt.11.02.2021 and eventually the Resolution plan of the successful Resolution Applicant was approved by COC and thereafter by the Hon'ble National Company Law Tribunal, Kolkata Bench, Court-I vide its order dt. 24.02.2023. The existing share capital of the MSEL stands cancelled and delisted. Consequently, MSEL ceased to be subsidiary of McNally Bharat Engineering Co. Ltd with effect from said date and MBE Coal & Minerals Technology India Ltd, being step-down subsidiary of the Holding company no longer remains its step-down subsidiary.

In earlier years, the Company had executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 63,31,487 equity shares of McNally Sayaji Engineering Company Limited. In the current financial year, pursuant to order the entire equity share capital of Mcnally Sayaji Engineering Limited has been cancelled, hence the investments have been eliminated from the books and shown as "Exceptional Items".

Note 6(a): Trade receivables

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured		
Trade receivables - Considered good	95,876.71	1,01,973.69
Trade receivables - Credit impaired	23,505.19	23,505.19
	1,19,381.90	1,25,478.88
Less: Allowance for doubtful receivables & Expected Credit Loss	44,144.53	29,929.32
Total receivables*	**75,237.37**	**95,549.56**

*Refer note 27 and 50

Trade Receivables Ageing Schedule as at 31st March 2023

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Receivables - Considered Good	1,257.72	3,542.06	3,005.00	2,204.67	3,581.17	41,016.84	54,607.46
Undisputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Receivables - Credit Impaired	-	-	-	-	-	23,505.19	23,505.19
Disputed Receivables - Considered Good	0	66.46	1.15	25.52	47.46	41,128.66	41,269.25

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Disputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Receivables - Credit Impaired	-	-	-	-	-	-	-
Total Receivables	**1,257.72**	**3,608.52**	**3,006.15**	**2,230.19**	**3,628.63**	**1,05,650.69**	**1,19,381.90**
Less Allowance for Doubtful trade receivables (including ECL)							44,144.53
Net Total Receivables							75,237.37

Trade Receivables Ageing Schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Receivables - Considered Good	0	3,043.09	1,279.28	6,006.67	10,969.31	37,273.18	58,571.53
Undisputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Receivables - Credit Impaired	-	-	-	-	-	23,505.19	23,505.19
Disputed Receivables - Considered Good	0	-	-	97.49	7,656.94	35,647.73	43,402.16
Disputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Receivables - Credit Impaired	-	-	-	-	-	-	-
Total Receivables	-	3,043.09	1,279.28	6,104.16	18,626.25	96,426.10	1,25,478.88
Less Allowance for Doubtful trade receivables (including ECL)							29,929.32
Net Total Receivables							**95,549.56**

Note 6(b): Cash and cash Equivalents

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with banks		
- in current accounts*	1,987.61	2,404.26
- in cash credit accounts	6.15	6.48
Cash on hand	1.11	0.93
Deposits with mauturity of less three months	953.36	0.75
Total cash and cash equivalents	**2,948.23**	**2,412.41**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Other bank balances		
Earmarked balances with banks	11.37	
Total other bank balances	**11.37**	**-**

*The above figure are subject to Balance Confirmation

Note 6(c): Cash and cash Equivalents

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured		
Loans to others - Considered good	1,744.38	1,744.38
Loans to subsidiaries - Credit impaired	1,425.12	1,425.12
Less: Allowance for doubtful loan receivables	(1,425.12)	(1,425.12)
Total Loans	**1,744.38**	**1,744.38**

Note 6(d): Other financial assets

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-current	Current	Non-current	Current
Security deposits*	-	1,259.83	-	1,470.27
Deposit for Joint Venture (Refer Note 27)	-	4,149.09	-	4,149.09
Advance to Employees	-	0.40	-	3.17
Due from customers (Net) (Refer Note No 33)	-	1,366.86	-	2,363.21
Earmarked balances with banks ** (Refer note (i) below)	5.04	-	14.58	-
Claim recoverable (Refer note 45 and 50)	-	27,514.52	-	28,112.37
Total other financial assets	**5.04**	**34,290.70**	**14.58**	**36,098.11**

* It includes ₹ 552 Lakhs Fixed deposit in the name of Delhi High Court as per direction of court order against arbitration case.

** The above figure is subject to balance confirmation

Note 7: Deferred tax assets

(A) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deferred Tax Assets on account of :		
Tax losses	51,540.39	51,540.39
Depreciation of Property, Plant and Equipment and Intangible Assets	166.21	166.21
Total deferred tax assets	**51,706.60**	**51,706.60**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

The Company had recognised Deferred Tax Assets amounting to ₹ 51,706.60 Lakhs upto 31st March, 2018. The Company believes that after the NCLT process there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised.

Note 8: Inventories

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw materials *	74.68	165.82
Total inventories	**74.68**	**165.82**

During the year, the Company has written down the value of inventory by ₹ 44.29 Lakhs towards slow moving, non moving and obsolete inventory.

Note 9: Current tax assets (net)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance income tax (net of provisions Rs 390.84 Lakhs, Previous Year ₹ 390.84 Lakhs)	230.89	873.43
Total current tax assets (net)	**230.89**	**873.43**

Note 10: Other current assets

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance to suppliers & others*	25,257.39	26,369.73
Advance to		
- Subsidiaries	-	3,387.83
Balance with statutory/government authorities {Refer note (30c)}**	15,354.63	15,603.35
Prepaid expenses	232.43	522.61
Total other current assets	**40,844.45**	**45,883.52**

* Balances shown are subjected to confirmation and reconciliation with respective parties.

** It includes GST Input tax Credit ₹ 130.14 Lakhs blocked by department during the year

Note 11: Equity Share Capital And Other Equity

(A) Equity Share Capital

Particulars	Equity Shares		Compulsorily Convertible Preference Shares(CCPS)	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at 31st March, 2021	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2022	24,00,00,000	24,000.00	14,00,00,000	14,000.00
As at 31st March, 2023	**24,00,00,000**	**24,000.00**	**14,00,00,000**	**14,000.00**
Issued, Subscribed and Paid up:				
As at 31st March, 2021	21,15,70,757	21,157.08	-	-
As at 31st March, 2022	21,15,70,757	21,157.08	-	-
As at 31st March, 2023	21,15,70,757	21,157.08	-	-

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

i) Terms and Rights attached to Equity Shares:

"Each Equity Share has a par value of ₹ 10/-. It entitles the holder to participate in dividends, and to share upon liquidation of the company in proportion to the number of shares held and amounts paid thereon. Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Terms and Rights attached to Compulsorily Convertible Preference Shares(CCPS):

Each CCPS is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment. CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the Company. The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid.

Each CCPS would carry a dividend of 1% which would be non cumulative

ii) Shares of the Company held by Holding / Ultimate Holding Company

The Company does not have a Holding Company

iii) Details of shareholders holding more than 5% of the aggregate Equity Shares in the Company:

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co Limited	2,23,18,952	10.55	2,23,18,952	10.55
Williamson Financial Services Limited	1,92,14,753	9.08	1,92,14,753	9.08
Babcock Borsig Limited	1,36,64,636	6.46	1,36,64,636	6.46
Sahal Business Private Limited	1,74,47,637	8.25	1,74,47,637	8.25
IL&FS Financial Services Limited	1,61,29,000	7.62	1,61,29,000	7.62
Aditya Birla Finance Limited	1,12,90,000	5.34	1,12,90,000	5.34

Shares held by promoters at the end of the year	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
Promoter Name	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
WILLIAMSON MAGOR & CO LIMITED	2,23,18,952.00	10.55	22318952	10.55	-
WILLIAMSON FINANCIAL SERVICES LIMITED	1,92,14,753.00	9.08	19214753	9.08	-
BABCOCK BORSIG LIMITED	1,36,64,636.00	6.46	13664636	6.46	-
EMC LIMITED	1,01,37,689.00	4.79	10137689	4.79	-
MCLEOD RUSSEL INDIA LIMITED	30,52,295.00	1.44	3052295	1.44	-
KILBURN ENGINEERING LIMITED	8,54,300.00	0.40	854300	0.40	-
BISHNAUTH INVESTMENTS LIMITED	99,400.00	0.05	99400	0.05	-
ISHA KHAITAN	24,000.00	0.01	24000	0.01	-
AMRITANSHU KHAITAN	8,000.00	0.00	8000	0.00	-
LATE B M KHAITAN*	21.00	0.00	21	0.00	-
Total	**6,93,74,046**		**6,93,74,046**		**-**

* Share holder expired on 1st june 2019 but company has not received transmission request yet.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(B) Other Equity

Particulars	As at 31st March, 2023	As at 31st March, 2022
General Reserve	1,549.64	1,549.64
Retained Earnings	(4,68,232.10)	(2,21,120.39)
Securities Premium	1,12,869.05	1,12,869.05
Capital Redemption Reserve	101.00	101.00
Other Reserves	-	83,804.25
Total Other Equity	**(3,53,712.41)**	**(22,796.45)**

(i) General Reserve

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	1,549.64	1,549.64
Closing balance	**1,549.64**	**1,549.64**

(ii) Retained Earnings

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	(2,21,120.39)	(2,13,448.95)
Net Profit/(Loss) for the year	(2,47,120.74)	(7,714.23)
Items of OCI directly transferred to retained earnings	9.04	42.79
Closing balance	**(4,68,232.09)**	**(2,21,120.39)**

(iii) Securities Premium

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	1,12,869.05	1,12,869.05
Closing balance	**1,12,869.05**	**1,12,869.05**

(iv) Capital Redemption Reserve

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	101.00	101.00
Closing balance	**101.00**	**101.00**

(v) Other Reserves

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	83,804.25	85,148.69
Reversal of Fair value gain on Financial Liabilities during the year (refer note 44)	(83,804.25)	(1,344.43)
Closing balance	**-**	**83,804.25**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Nature and purpose:

(i) General Reserve

The reserve is a part of Retained Earnings. This is available for distribution to the shareholders as a part of free reserve.

(ii) Retained Earnings

This reserve represents the cumulative profits of the company. This reserve can be utilised in accordance with the provisions of the Act.

(iii) Securities Premium

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Act.

(iv) Capital Redemption Reserve

Capital Redemption Reserve is a non distributable reserve. The reserve can be utilised in accordance with the provisions of the Act, 2013.

(v) Other Reserves

In earlier years, the Company had recognised fair valuation gain of ₹ 83,804.25 Lakhs on account of deferred repayment of Inter Corporate Deposit from Seajuli Developers & Finance Limited (""SDFL"") and Woodside Parks Limited (""WPL""). Under CIRP, both the companies have submitted their financial claims to RP. RP has admitted such claims and as such the Company has reversed its fair valuation gain.

Note 12: Financial liabilities

(a) Non-current borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2023	As at 31st March, 2022
Secured			
Term Loans		-	
Foreign Currency Loan - From banks (refer note B below)	6 Months LIBOR +4.15%	544.54	502.04
From Others			
9,75,000, 11.50% Non-Convertible Redeemable Cumulative Preference Shares (refer note A below)	11.50%	5451.43	5,451.43
Unsecured			
Inter-Corporate Borrowings (Refer note 12(b) and 44)	0%	-	14,788.69
Total non-current borrowings		5,995.97	20,742.16
Less: Current maturities of Non Current Borrowings {included in note 12(b)}		544.54	502.04
Less: Liability for Redeemable Preference Share {included in note 12(d)}		5,451.43	5,451.43
Non-current borrowings		**-**	**14,788.69**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

(i) Non-Convertible Redeemable Preference Shares were redeemable in 8 equal quarterly installments commencing from 5th June, 2018 and the last installment payable was on 5th March, 2020 which has been on default as on the date of approval of these Standalone Financial Statements.

B. External Commercial Borrowing from ICICI Bank Limited

(ii) Terms of repayment:

Loan having a balance outstanding of USD 6.60 lakhs,the last instalment date whereof was due on 23rd December, 2018 which has been on default as on the date of approval of these Standalone Financial Statements.

(iii) Security details

Refer Note 36 for details of assets charged as security against these borrowings.

Details of loan	Nature of Security
External Commercial Borrowings from ICICI Bank Limited	First Charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank Limited for the year ended 31st March, 2023 is NIL and for the year ended 31st March, 2022 is 80.32 Lakhs. (Also Refer Note 46)

Details of default in respect of Borrowings included in Other financial Liabilities are as under :

Name of the Shareholder/Lender	Amount of Default	Remarks
Various Preference Shareholders	5,899.93	Amount of default persisting as on the date of approval of these Standalone Financial Statements

(b) Current borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2023	As at 31st March, 2022
Loans repayable on demand			
Secured			
From banks			
Cash credit from banks	12.05% to 18.75%	1,85,617.09	1,84,665.46
Working capital demand loans from banks	12.5% to 13.50%	16,076.31	16,076.30
Current maturities of long-term debt		544.54	502.04
Unsecured			
From others			
Inter Corporate Deposit	15% to 18%	1,08,271.57	1,905.00
Total current borrowings		**3,10,509.51**	**2,03,148.79**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Details of loan	Nature of Security
Cash credit facility from consortium of banks and Working capital demand loans from banks	A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/leasing, book debts and other movable assets, both present and future. Charge on fixed assets on subservient basis except ICICI to the extent of term loan. The Working Capital Demand Loans have been guaranteed by one of the directors to the tune of ₹ 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private limited are pledged for working capital Demand loans.

(ii) Details of default are as follow:

Name of the Shareholder/Lender	Amount of Default	Remarks
	Principle	
Indian Bank - Cash Credit	8,358.77	Amount of default persisting as on the date of approval of these Standalone Financial Statements
Axis Bank Limited - Cash Credit	21,788.79	
Bank of Baroda - Cash Credit	4,102.18	
Bank of India - Cash Credit	45,494.21	
Canara Bank - Cash Credit	2,346.80	
DCB Bank- Cash Credit	280.57	
ICICI Bank - Cash Credit	18,047.67	
IDBI Bank - Cash Credit	17,552.96	
Karur Vysya Bank - Cash Credit	8,427.14	
Lakshmi Vilas Bank - Cash Credit	96.06	
Oriental Bank of Commerce Bank - Cash Credit	1,079.00	
Punjab National Bank - Cash Credit	14,903.72	
Standard Chartered Bank- Cash Credit	2,317.28	
State Bank Of India - Cash Credit	25,001.29	
UCO Bank - Cash Credit	567.80	
Union Bank - Cash Credit	15,199.12	
United Bank of India - Cash Credit	53.73	
Cash Credit Total Default	**1,85,617.10**	
Axis Bank Limited - Working Capital Demand Loan	12,660.41	
Standard Chartered Bank- Working Capital Demand Loan	3,415.90	
ICICI Bank - ECB Loan*	544.54	
Working Capital Demand Loan Total Default	**16620.85**	
Inter-Corporate Borrowings Total Default	**1,08,271.57**	

*Including Exchange Fluctuation during the year of ₹ 42.50 Lakhs

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

12(c) Lease Obligation

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non Current	Current	Non Current	Current
Lease Obligation	24.22	87.60	88.88	87.60
	24.22	**87.60**	**88.88**	**87.60**

(d) Trade payables

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade payables due to micro, small and medium enterprises (Refer note 31)	184.22	193.96
Trade payables other than micro enterprises and small enterprises	22,666.51	21,551.40
Total Trade Payables	**22,850.73**	**21,745.36**

Trade payables Ageing Schedule as at 31st March, 2023

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	11.86	11.66	3.40	123.48	150.39
Others	-	4,424.01	1,762.45	2,054.84	13,564.36	21,805.66
Disputed Dues - MSME	-	-	3.53	1.92	28.37	33.83
Disputed Dues - Others	-	-	3.25	13.17	844.43	860.85

Trade payables Ageing Schedule as at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	39.29	3.87	9.32	101.01	153.49
Others	-	4,813.70	2,097.44	2,752.06	11,001.52	20,664.73
Disputed Dues - MSME	-	10.17	1.92	0.04	28.33	40.47
Disputed Dues - Others	-	28.70	13.17	4.78	840.02	886.67

(e) Other financial liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Current		
Creditors for Preference share	5,451.43	5,451.43
Interest accrued on borrowings and others (Refer Note 46)	1,91,569.18	4,476.15
Employee Benefits payable	660.86	925.03
Security deposits	90.29	90.29
Dividend Accrued on Preference Shares	448.50	448.50
Others	4,892.14	89.14
Total other current financial liabilities	**2,03,112.40**	**11,480.54**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 13: Provisions

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-Current	Current	Non-Current	Current
Employee benefits				
- Gratuity	26.10	5.55	24.98	3.04
- Others	232.96	11.46	178.37	0.61
Decommissioning obligations	-	75.30	-	75.30
Total provisions	**259.06**	**92.32**	**203.34**	**78.95**

(i) Movements in provisions

Movements in provision during the financial year, are set out below:

Particulars	Decommissioning obligations
As at April 01, 2022	75.30
Charged/(credited) to profit or loss	
- unwinding of discount	-
As at 31st March, 2023	**75.30**
As at April 01, 2021	75.30
Charged/(credited) to profit or loss	-
- unwinding of discount	-
As at March 31, 2022	75.30

(ii) Leave Obligations

At Present there is no accumulation of leave which is encashable in future year.

(iii) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2022	330.80	302.78	28.02
Current service cost	24.69	-	24.69
Interest expense/(income)	23.49	20.05	3.44
Total amount recognised in Profit and Loss	48.18	20.05	28.13
Remeasurements			-
- Return on plan assets	-	(10.94)	10.94
- Due to financial assumptions	(4.85)	-	(4.85)
- Due to experience adjustments	2.95	-	2.95

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Total amount recognised in other comprehensive income	(1.90)	(10.94)	9.04
Employer contributions	-	33.54	(33.54)
Benefit payments	(74.32)	(74.32)	-
March 31, 2023	**302.76**	**271.11**	**31.65**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	**364.72**	**294.32**	**70.40**
Current service cost	32.34	-	32.34
Interest expense/income	25.17	20.10	5.07
Total amount recognised in Profit and Loss	**57.51**	**20.10**	**37.41**
Remeasurements			
- Return on plan assets	-	(5.53)	5.53
- Due to financial assumptions	(3.39)	-	(3.39)
- Due to experience adjustments	(44.93)	-	(44.93)
Total amount recognised in other comprehensive income	**(48.32)**	**(5.53)**	**(42.79)**
Employer contributions	-	36.99	(36.99)
Benefit payments	(43.11)	(43.10)	(0.01)
March 31, 2022	**330.80**	**302.78**	**28.02**

The net liability disclosed above relates to funded plan.

The significant actuarial assumptions used were as follows:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Discount rate	7.40%	7.10%
Salary escalation	4.00%	4.00%
Expected return on plan assets	7.40%	7.10%
Withdrawal rate	1.00-8.00%	1.00-8.00%

The sensitivity of defined benefit obligations to changes in the weighted principal assumptions is:

Assumption	Increase/ (decrease)	Assumption Rate	Amount of increase/ (decrease) in defined benefit obligations as at March 31, 2023
Under Base Scenario	-	-	302.75
Discount rate	Increase by	1%	287.11
Discount rate	Decrease by	1%	321.60
Salary escalation	Increase by	1%	322.57
Salary escalation	Decrease by	1%	286.06
Withdrawal rate	Increase by	1%	306.94
Withdrawal rate	Decrease by	1%	299.53

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets underperform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

Particulars	As at 31st March, 2023	As at 31st March, 2022
2022-23	NA	35.93
2023-24	53.10	23.08
2024-25	28.22	31.67
2025-26	30.69	34.85
2026-27	30.79	38.89
Thereafter	159.96	166.36

The weighted average duration of the defined benefit obligation is 4.67 years (March 31, 2022 - 5.57 years). The expected contribution to the fund during the financial year 2023-24 would be ₹ 30.04 Lakhs.

iv) Provident fund

The company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2023 and March 31, 2022.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Discount rate	7.49%	7.15%
Guaranteed interest rate	8.15%	8.10%
Expected average remaining Working life (in years)	11.51	10.99

The company contributed ₹ 99.50 Lacs And ₹ 136.62 Lacs during the years ended March 31, 2023 and March 31, 2022, respectively, and the same has been recognised in the Statement of Profit and Loss under the head employee benefit expenses.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Risks arising from defined benefit obligations

The defined benefit obligation plans typically expose the Company to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

Note 14: Other Liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance from customers		
- From Related Party	1,534.24	-
- From Others	2,919.67	4,350.68
Statutory tax payables	470.75	636.02
Dividend Distribution Tax on preference dividend	91.76	91.76
Benevolent fund	109.04	113.04
Total other liabilities	**5,125.46**	**5,191.50**

Note 15: Revenue from operations

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Contract Revenue & Sale of Equipments	22,732.18	24,729.89
Other Operating Revenue	95.36	540.85
Total Revenue from Operations	**22,827.54**	**25,270.74**

Note 16: Other Income

(a) Other Income

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest income	107.39	392.42
Interest income from financial assets measured at amortised cost	3,887.16	3,420.82
Unwinding of discount on security deposit	-	12.50
Expected credit loss/gain on trade receivables and due from customers written back	-	1,689.45
Corporate Guarantee Commission	147.35	147.35
Lease liability written back	-	545.28

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Profit on sale of Property,Plant and Equipment	-	80.99
Miscellaneous Income	39.85	-
Total other income	**4,181.75**	**6,288.80**

(b) Other gains/(losses)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	(2.98)	(2.87)
Total Other Gains/(losses)	(2.98)	(2.87)
Total Other income and other gain / (losses)	**4,178.77**	**6,285.94**

Note 17: Cost of materials consumed

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Raw materials at the beginning of the year	165.82	293.00
Add: Purchases	65.91	418.24
Less: Raw material at the end of the year	(74.68)	(165.82)
Total cost of raw materials consumed	157.06	545.42
Add: Consumption of bought out components	12,164.57	11,461.21
Total cost of materials consumed	**12,321.63**	**12,006.63**

Note 18: Employee benefits expense

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Salaries, wages and bonus	3,480.14	4,102.74
Contribution to provident and other funds (Refer note 13)	150.00	178.85
Workmen and staff welfare expenses	149.43	125.70
Total Employee Benefit Expense	**3,779.57**	**4,407.30**

Note 19: Finance costs

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Interest and finance charges on financial liabilities not at fair value through profit or loss	1,87,274.14	382.23
Discounting on fair valuation of financial instruments on amortised cost	6,262.58	4,267.64
Unwinding of discount on provisions	-	10.66
Total	**1,93,536.72**	**4,660.53**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 20: Depreciation and amortisation expense

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Depreciation of property, plant and equipment	395.75	609.28
Amortisation of intangible assets	1.11	0.17
Total depreciation and amortisation expense	**396.87**	**609.45**

Note 21: Other expenses

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Power & Fuel	458.35	309.79
Rent	127.92	226.39
Repairs and maintenance:		
Plant and machinery	0.25	0.57
Others	231.19	237.92
Insurance	91.47	121.77
Payment to Auditors {Refer Note 22 (a)}	48.70	48.70
Director Fees	1.20	8.60
Rates & Taxes	43.59	2,269.56
Cartage & Freight	8.42	86.99
Bank Charges	1,058.00	1,198.00
Professional Services	238.76	1,333.81
Travelling	343.09	304.60
CIRP Expenses {Refer Note 22 (b)}	170.57	-
Provision for Slow moving Stock	44.29	-
Liquidated Damages	6,349.88	-
Duty drawback Claim written off	-	30.22
Bad Debt and Claim Recoverable Written off	5,328.50	-
Advance to supplier written off	-	119.72
Provision for Future Foreseeable Losses in Construction Contracts	(533.78)	(1,199.11)
Provision for Expected Credit Loss on Trade Receivables and due from customers	14,193.46	-
Net foreign exchange loss	141.99	100.81
Legal Fee	227.42	563.86
Miscellaneous Expenses	107.18	4.91
Total other expenses	**28,680.47**	**5,767.10**

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 22:

(a) Details of payments to auditors

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Payment to auditors		
Audit fee	35.00	35.00
For Limited Review	12.00	12.00
For other services	1.70	1.70
Total payments to auditors	**48.70**	**48.70**

(b) : Details of CIRP Expenses

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
CIRP Expense		
Professional Fee	124.41	-
Legal Fee	41.33	-
Miscellaneous Expenses	4.83	-
Total CIRP Expenses	**170.57**	**-**

Note 23: Exceptional Item

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
EIG {Refer note below (i)}	7,773.61	-
Investment in Quoted & Unquoted equity share of MSEL {Refer Note below (ii) }	17,923.73	-
Advance to MSEL {Refer Note below (ii) }	70.15	-
Total	**25,767.49**	**-**

(i) The claim of EIG (Mauritius) Limited admitted by RP as per Arbitration Award has been recognised in the books of accounts.

(ii) McNally Sayaji Engineering Limited (MSEL), subsidiary of the Company, was admitted to CIRP vide order dated 11.02.2021 and eventually the Resolution plan of the successful Resolution Applicant was approved by COC and thereafter by the Hon'ble National Company Law Tribunal, Kolkata Bench, Court-I vide its order dt. 24.02.2023. The existing share capital of the MSEL stand cancelled and delisted. Hence entire carrying value amounting to ₹17,923.73 Lakhs and advance of ₹ 70.15 Lakhs has been written off from the books of accounts as 'Exceptional Items'.

Note 24: Capital Management

Capital Management

The Company strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future

(All amounts are in ₹ Lakhs, unless otherwise stated)

developments and growth of its business. For the purpose of company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirments of the financial covenants. However, in view of certain factors, challenges and changes faced by the Company over past few years as explained in Note 42 to the Standalone Financial Statements, networth of the Company has been fully eroded. The Management expects that overall financial health of the Company would improve upon approval of resolution plan.

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with various financial covenants. The Company has been under financial stress due to external factors. EBITDA margins of the Company have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The company has not been able to comply with some of the covenants during the current as well as the previous years. The Company has persisting defaults in repayment of loans or borrowings to banks and other lenders.

Note 25: Risk Management

The Company's activities is exposed to credit risk,liquidity risk and market risk.

The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

Credit risk arises from Cash and Cash Equivalents, other bank balances, investments and other financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and due from customers.

(i) Credit Risk Management

The Company assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model. Financial Assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Company or where payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable dues.

(ii) Provision for Expected Credit Losses

The Company provides for expected credit loss of trade receivables, due from customers and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Whenever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove the effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Year ended 31st March, 2023

(a) Expected Credit Loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected Credit Losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month Expected Credit Losses	Financial Assets for which credit risk has not increased significantly since initial recognition	Loans	VL3	1,744.38	-	-	1,744.38
		Claims Recoverable	VL3	33,777.09	-	6,262.58	27,514.52
Loss allowance measured at life-time Expected Credit Losses	Financial Assets for which credit risk has increased significantly and credit-impaired	Loans	VL6	1,425.12	100%	1,425.12	-

During the year, the Company has written off Rs. 841.35 Lakhs of claims recoverable.

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross Carrying Amount	Loss allowance measured at life-time Expected Credit Losses	VL3	4,432.90	1,19,381.90
Expected Credit Losses (Loss allowance provision)			(3,066.04)	44,144.53
Carrying amount (net of Impairment)			1,366.86	75,237.37

Year ended 31st March, 2022

(a) Expected Credit Loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month Expected Credit Losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL3	1,744.38	-	-	1,744.38
		Claims Recoverable	VL3	34,474.52	-	6,362.15	28,112.37
Loss allowance measured at life-time Expected Credit Losses	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	VL6	1,425.12	100%	1,425.12	-

During the financial year 2021-22, the Company has made provision for claim recoverable wherein it does not expect to receive future cash flows ₹ 3420.82 Lakhs.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross Carrying Amount	Loss allowance measured at life-time expected credit losses	VL3	5,959.05	1,25,478.88
Expected Credit Losses (Loss (Allowance Provision			(3,595.84)	(29,929.32)
Carrying Amount (net of Impairment)			2,363.21	95,549.56

(iii) Reconciliation of Loss Allowance Provisions - loans

Reconciliation of Loss Allowance	Loss Allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss Allowance as at 31st March, 2022	-	-	1,425.12
Add/(Less): Changes in Loss Allowances	-	-	-
Loss Allowance as at 31st March, 2023	**-**	**-**	**1,425.12**

(iv) Reconciliation of Loss Allowance Provision - Trade Receivables & due from Customers (under simplified approach)

Particulars	Trade Receivables	Due from customers	Total loss allowance
Loss Allowance as on 31st March, 2021	31,453.59	-	31,453.59
Changes in Loss Allowance	(1,524.27)	3,595.84	2,071.57
Loss Allowance as on 31st March, 2022	29,929.32	3,595.84	33,525.16
Changes in Loss Allowance	14,215.22	(529.80)	1,368.42
Loss Allowance as on 31st March, 2023	**44,144.53**	**3,066.04**	**4,7210.57**

Significant Estimates and Judgements

Impairment of Financial Assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, industry practices, existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.]

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities as below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Maturity of Financial Liability

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

• all non-derivative financial liabilities, and

• net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual cash flows, balances due within 12 months and more than 12 months.

Contractual maturities of Financial Liabilities (31st March, 2023)	Carrying Value	Contractual Cash Flows	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Non Derivatives						
Borrowings*	3,15,960.94	3,15,960.94	3,15,960.94	-	-	-
Interest Accrued on borrowings and others	1,91,569.18	1,91,569.18	1,91,569.18	-	-	-
Trade Payables	22,850.73	22,850.73	22,850.73	-	-	-
Employee Benefits payable	660.86	660.86	660.86	-	-	-
Lease Liability	111.82	111.82	87.60	24.22	-	-
Security Deposits	90.29	90.29	90.29	-	-	-
Dividend Accrued on Preference Shares	448.50	448.50	448.50	-	-	-
Others	4,892.14	4,892.14	4,892.14	-	-	-
Total Non Derivative Financial Liabilities	**5,36,584.47**	**5,36,584.47**	**5,36,560.24**	**24.22**	**-**	**-**

Contractual maturities of Financial Liabilities (31st March, 2022)	Carrying Value	Contractual Cash Flows	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Non Derivatives						
Borrowings*	2,23,388.91	2,23,388.91	2,08,600.22	-	-	14,788.69
Interest Accrued on borrowings and others	4,476.15	4,476.15	4,476.15	-	-	-
Trade Payables	21,745.36	21,745.36	21,745.36	-	-	-
Employee Benefits payable	925.03	925.03	925.03	-	-	-
Lease Liability	176.48	176.48	87.60	88.88	-	-
Security Deposits	90.29	90.29	90.29	-	-	-
Dividend Accrued on Preference Shares	448.50	448.50	448.50	-	-	-
Others	89.14	89.14	89.14	-	-	-
Total Non Derivative Financial Liabilities	**2,51,339.86**	**2,51,339.86**	**2,36,462.29**	**88.88**	**-**	**14,788.69**

*Excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities ₹ 83804.25 Lakhs

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(C) Market Risk

(i) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency (₹). The risk is measured through the expected foreign currency cash flows based on the Company's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than "Rupees". The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ Lakhs is as follow:

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial Assets						
Trade Receivables	-	553.15	-	-	489.07	-
Net Exposure to Foreign Currency Risk (Assets)	**-**	**553.15**	**-**	**-**	**489.07**	**-**
Financial Liabilities						
Foreign Currency Loan	544.54	-	-	502.04	-	-
Trade Payables	79.46	1,188.48	3.92	73.26	1,123.25	3.92
Payable to Subsidiaries	-	-	-	-	-	-
Net Exposure to Foreign Currency Risk (Liabilities)	**624.00**	**1,188.48**	**3.92**	**575.30**	**1,123.25**	**3.92**

(b) Sensitivity:

Impact on Profit

Particulars	Increase/(Decrease) in profit before tax	
	31st March, 2023	31st March, 2022
USD sensitivity		
INR/USD -Increase by 5% (31 March 2022-5%)*	31.20	28.76
INR/USD -Decrease by 5% (31 March 2022-5%)*	(31.20)	(28.76)
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2022-5%)*	31.77	31.71
INR/EUR-Decrease by 5% (31 March 2022-5%)*	(31.77)	(31.71)
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2022-5%)*	0.20	0.20
INR/ZAR- Decrease by 5% (31 March 2022-5%)*	(0.20)	(0.20)

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from Current Borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During the year ended March 31, 2023 and March 31, 2022, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's Borrowings are carried at amortised cost. The fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at end of reporting period are as follow:

Particulars	31st March, 2023	31st March, 2022
Variable Rate Borrowings	3,93,807.11	2,01,243.79
Fixed Rate Borrowings*	1,13,723.00	22,145.12
Total borrowings	**5,07,530.12**	**2,23,388.91**

The Company has not entered into interest rate swaps to hedge against fluctuating market interest rates.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Increase/(Decrease) in profit before tax	
	31st March, 2023	31st March, 2022
Interest rates increase by 50 basis points (50 bps) *	(1,969.04)	(3.54)
Interest rates decrease by 50 basis points (50 bps) *	1,969.04	3.54

* Holding all other variables constant (Refer Note 46)

Note 26: Fair Value Measurements

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2023 and 31st March, 2022.

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity Instruments*	33.52	-	9.94	39.21	-	17,933.67
- Mutual Funds	81.33	-	-	78.62	-	-
Trade Receivables	-	-	75,237.37	-	-	95,549.56
Loans	-	-	1,744.38	-	-	1,744.38
Cash and Cash Equivalents	-	-	2,948.23	-	-	2,412.41
Other Bank balances	-	-	11.37	-	-	-
Advance to employees			0.40			3.17
Security Deposits	-	-	5,408.92	-	-	5,619.37
Due from Customers	-	-	1,366.86	-	-	2,363.21
Deposit with Bank	-	-	5.04	-	-	14.58
Claims Recoverable	-	-	27,514.52	-	-	28,112.37
Total Financial Assets	**114.86**	**-**	**1,14,247.04**	**117.83**	**-**	**1,53,752.72**
Financial Liabilities						
Borrowings**	-	-	3,15,960.94	-	-	2,23,388.91
Interest Accrued on borrowings and others	-	-	1,91,569.18	-	-	4,476.15
Trade Payables	-	-	22,850.73	-	-	21,745.36
Employee Benefits payable	-	-	660.86	-	-	925.03

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Lease Liability	-	-	111.82	-	-	176.48
Security Deposits	-	-	90.29	-	-	90.29
Dividend Accrued on Preference Shares	-	-	448.50	-	-	448.50
Others	-	-	4,892.14	-	-	89.14
Total Financial Liabilities	**-**	**-**	**5,36,584.47**	**-**	**-**	**2,51,339.86**

*excludes the amount of carrying value in subsidiaries and joint venture at cost ₹ 2707.87 Lakhs (31st March, 2022: ₹ 2707.87 Lakhs)

**excludes the amount of fair value gain recognised under other reserves on Financial Liabilities ₹ Nil (31st March, 2022: 83,804.25 Lakhs)

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the Financial Instruments. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its Financial Instruments into the three levels prescribed under the Indian Accounting Standards. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 31st March, 2023				
Financial Assets				
Financial instruments at FVPL				
Listed Equity Investments	33.52	-	-	33.52
Mutual Funds	-	81.33	-	81.33
Total Financial Assets	**33.52**	**81.33**	**-**	**114.86**

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 31st March, 2022				
Financial Assets				
Financial Instruments at FVTPL				
Listed Equity Investments	39.21	-	-	39.21
Mutual Funds	-	78.62	-	78.62
Total Financial Assets	**39.21**	**78.62**	**-**	**117.83**

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

(ii) Valuation technique used to determine Fair Value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date

(iii) Fair value of the Financial Assets and Liabilities measured at Amortised Cost

The Management considers that the carrying amount of financial assets and liabilities recognised in the financial statements and carried at amortised cost approximates their fair value as on 31st March, 2023 and 31st March 2022. Initial recognition of financial assets and liabilities are at fair value with subsequent at amortised cost.

Note 27: Related Party Disclosures

(a) Subsidiaries

(i) McNally Sayaji Engineering Limited (MSEL)(Up to 24th February, 2023)

(ii) McNally Bharat Equipments Limited (MBEL)

(iii) MBE Mineral Technologies Pte Limited

(iv) MBE Minerals Zambia Limited

(v) McNally Bharat Engineering (SA) Proprietary Limited

(b) Joint Venture (MBECL is Lead Partner for participating in tenders)

(i) EMC MBE Contracting Company LLC

(ii) McNally- Trolex

(iii) McNally- AML

(iv) McNally- Trolex- Kilburn

(c) Subsidiary of McNally Sayaji Engineering Limited

(i) MBE Coal & Minerals Technology India Private Limited (Up to 24th February, 2023)

(d) Post employment benefit plan of the Company

(i) McNally Bharat Executive Staff Gratuity Fund

(ii) McNally Bharat Employees Provident Fund

(e) Key Managerial Personnel

(i) Mr. Aditya Khaitan - Chairman

(ii) Mr. Srinivash Singh - Chief Executive Officer*

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(iii) Mr. Brij Mohan Soni - Chief Financial Officer (Resigned w.e.f. 7th September,2022)

(iv) Mr. Pradyuman Baidya - Chief Financial Officer (Appointed w.e.f. 13th September,2022)

(v) Mr. Rahul Banerjee- Company Secretary (Resigned w.e.f 22-10-2021)

(vi) Mrs Indrani Roy- Company Secretary

(vii) Ms. Arundhati Dhar - Independent Director (Resigned w.e.f. 3rd August,2022)

(viii) Mr. A.K Barman - Independent Director

(ix) Mr. Nilotpal Roy- Independent Director

(x) Ms. Kasturi Roychoudhury - Independent Director

*The tenure as Managing Director ceased on 13th December,2022. Thereafter, appointed as Chief Executive Officer w.e.f. 14thDecember, 2022

The following transactions were carried out with Related Parties in the ordinary course of business:

Description	MBE Coal & Mineral Technology India Private Limited	McNally Sayaji Engineering Limited	Mcnally Bharat Equipments Limited	McNally-Trolex	McNally-AML	McNally-Trolex-Kilburn
Purchase of Materials, components and Services received	-	-		-	-	-
	(95.12)	(65.00)		-	-	-
Sale of Goods/fixed assets	-	-		4,200.78	4,622.98	3,564.75
	-	(1.00)		(2,532.99)	(2,689.48)	(2,232.38)
Rendering of services	-	62.10	117.54	-	-	-
	(3.76)	-		-	-	-
Reimbursement of Expenses Paid	-	-		-	-	-
	-	(17.97)		-	-	-
Reimbursement of Expenses Received	-	-		0.13	0.14	0.06
	-	-		(0.54)	-	-
Rent received	-	-	1.25	3.00	2.73	2.73
	-	(30.00)		-	(1.70)	(1.70)
Rent paid	-	-		-	-	-
	-	(48.00)		-	-	-

Brackets indicate figures for previous year

Balances Outstanding as at 31st March

Description	MBE Coal & Mineral Technology India Pvt. Ltd	MBE Mineral Technologies Pte Ltd.	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.
Investment at the year end	-	2,550.74	-	9.94	4.69	0.13
	-	(2,550.74)	(17,923.73)	(9.94)	(4.69)	(0.13)
Provision for impairment in value of investments	-	2,550.74	-	-	4.69	0.13
	-	(2,550.74)	-	-	(4.69)	(0.13)

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Description	MBE Coal & Mineral Technology India Pvt. Ltd	MBE Mineral Technologies Pte Ltd.	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.
Guarantees received	-	-	-	-	-	-
	-	-	(5,950.00)	-	-	-
Guarantees given	-	-	-	-	-	-
	(3,000.00)	-	(5,000.00)	-	-	-
Outstanding payables	-	-	-	58.44	-	3.92
	-	-	(204.42)	-	-	(3.92)
Outstanding Receivables/Loans	-	-	-	96.38	1,385.04	40.08
	(298.68)	-	(3,289.69)	(2.05)	(1,385.04)	(40.08)
Allowance for doubtful receivables	-	-	-	-	1,385.04	40.08
	-	-	-	-	(1,385.04)	(40.08)

Brackets indicate figures for previous year

*Ceased to be related party as on balance sheet date.

Balances Outstanding of Joint Ventures

Description	EMC MBE Contracting Co LLC	McNally-Trolex	McNally-AML	McNally-Trolex-Kilburn
Investment at the year end	152.31	-	-	-
	(152.31)	-	-	-
Provision for impairment in value of investments	152.31	-	-	-
	(152.31)	-	-	-
Outstanding Receivables*	67.06	802.72	760.36	468.34
	(67.06)	(0.40)	(2.37)	(2.65)
Advance received from customer		462.08	769.02	303.14
Allowance for doubtful receivables	67.06	-	-	-
	(67.06)	-	-	-
Security Deposit	-	625.97	2,749.16	773.96
	-	(625.97)	(2,749.16)	(773.96)

Brackets indicate figures for previous year

*Outstanding Receivables also include receivables of rent from Joint Venture.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Transactions with Key Managerial Personnel	2022-23			2021-22		
	Remuneration	Sitting fees	Outstanding Balance payable as at year end	Remuneration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	219.96			201.84	-	11.75
Mr. Brij Mohan Soni	30.17		1.25	64.17	-	3.93
Mr. Indrani Ray	40.00			12.69	-	2.43
Mr. Rahul Banerjee				6.46	-	-
Mr. Aditya Khaitan			0.30	-	1.80	0.40
Ms. Arundhati Dhar		0.40	0.98	-	3.40	1.40
Mr. A.K Barman		0.40	1.48	-	3.40	1.40
Mr. Nilotpal Roy		0.20	0.72	-	1.60	0.60
Ms.Kasturi Roy Choudhury		0.20	0.72	-	1.60	0.60
Mr. Pradyuman Baidya	36.11					
Mr. Saroj Kant Singh (Relative to KMP)	29.30			25.72	-	1.68

Remuneration includes

Particulars	2022-23		2021-22	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. Srinivash Singh	219.96	-	201.84	-
Mr. Brij Mohan Soni	29.11	1.06	60.92	3.25
Mr. Rahul Banerjee	-	-	6.15	0.31
Mr. Indrani Ray	38.21	1.79	12.12	0.57
Mr. Pradyuman Baidya	34.49	1.62	-	-
Mr. Saroj Kant Singh (Relative to KMP)	27.99	1.31	25.72	1.26

(a) This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.

(b) Transactions with related parties mentioned above are as per terms and contracts approved by the COC. All transactions disclosed above were done on normal commercial terms and conditions and where ever applicable as per the market rates.

Details of contribution to post employment benefit plans

Remuneration includes

Particulars	31st March, 2023	31st March, 2022
McNally Bharat Executive Staff Gratuity Fund	37.17	36.98
McNally Bharat Employees Provident Fund*	103.78	136.62

*Considered only Employer Contributation

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 28: Capital Commitments

There is no capital commitment as at Balance sheet date.

Note 29: Leases

The Company has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets are charged as rent to the Standalone Statement of Profit and Loss.

Particulars	2022-23	2021-22
Depreciation Recognized	64.98	143.70
Interest on Lease Liabilities	22.94	229.21
Expenses related to Short Term Leases & of low value assets	127.92	226.39
Total Cash outflow for Leases	87.90	469.16
Addition to Right of Use Assets during the year	-	194.94
Deletion from Right of Use Assets during the year	-	(1,729.87)
Net Carrying amount of Right of Use at the end of the year	**97.47**	**162.45**

Note 30: Contingent Liabilities

a. The details of Contingent Liabilities are as under:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Claims against the company not acknowledged as debt*	46,859.99	48,242.62
Other money for which the Company is contingently liable:		
Indirect Tax matters relating to Excise Duty, Service Tax ,Central Sales Tax , Value added Tax and Goods and Service Tax	44,995.74	42,298.77
Income Tax matter pending	3,235.20	7,890.28
Corporate guarantees given in favour of subsidiary companies*	8,000.00	8,000.00
Bank Gurantees issued by company-Performance, Security and Earnest Money deposit	28,797.66	34,852.79
Liquidated damages relating to contract sales	Amount not readily ascertainable	

* In earlier years, the Company had entered into a put option agreement with EIG (Mauritius) Limited, who invested in one of its subsidiary companies. In order to exercise the put option, the Investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore. The Arbitrator issued a dissenting opinion requiring the company to pay damages amounting to ₹ 21,102.69 Lacs (including interest) and legal cost. Thereafter Corporate Insolvency Resolution Process "CIRP" has been initiated against the Company. Hence, EIG(Mauritus) Limited has lodged claim to IRP/RP on 17th May 2022 and accordingly the liability of ₹ 7773.61 Lakhs along with interest of ₹ 888.94 Lakhs has been booked and remaining amount of ₹13056.93 Lakhs has been considered as Contingent Liability included in 'Claims against the company not acknlodged as debt'.

In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance being moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 till the conclusion of CIRP. Therefore, no impact has been considered in the Financial Statements as of now .(Refer Note 43)

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Details of Corporate Guarantees given covered under Section 186(4) of the Companies Act, 2013:-

Particulars	As at 31st March, 2023	As at 31st March, 2022
MBE Coal & Mineral India Private Limited (Banking Facility)	3,000.00	3,000.00
McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
Total	**8,000.00**	**8,000.00**

b.Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Company has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of ₹2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Company. The Arbitrator has issued interim directions to deposit an amount of ₹ 2,831.63 Lakhs in Specifically designated Escrow Account or alternatively furnish an unconditional and irrevocable bank guarantee of such amount. The order also restrained an Injunction of any dealing of share of Mcnally Sayaji Engineering Limited which is pledged against the loan. Further, the Company submitted an affidavit, the details of all its assets , properties (Movable or immovable) which is restrained for any dealing , transfer and disposing the assets. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT"") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC. Further, TCFSL had filed an application with ("the NCLAT). As per NCLAT order dated 17.08.2022. the appeal has dismissed as withdrawn granting liberty to raise any legally permissible contentions at appropriate stages.

c. The Director General of GST Intelligence (DGGI) Kolkata had conducted investigation in 2019-20 at the Corporate Office of the Company and denied Input Tax Credit of ₹ 945.04 Lakhs and also denied Input tax Credit of ₹ 200 Lakhs in 2020-21 availed by the Company. Pending adjudication of the matter, the Company has included the Input Tax Credit in Note 10(b) under Balance with Statutory/Government authorities. During the year, the department has conducted audit for F.Y. 2017-18 and provided its observations there on. Further proceedings in this matter has been kept in abeyance till the conclution of CIRP as moratorium is applicable u/s 14 of the Insolvency and Bankruptcy Code, 2016.

It is not practicable to estimate the timing of cash outflows if any, in respect of the above matters pending resolution of the arbitration/appellate proceedings.

Note 31: Dues to Micro,Small & Medium Enterprises

The amount due to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	184.22	193.96
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	254.33	120.64
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	143.91	67.59

Note 32: Excess Remuneration paid to Key Managerial Personnel

The Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to ₹ 94.33 Lakhs (Previous Year ₹ 141.84 Lakhs) for the year.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 33: Disclosure for Construction Contracts

The details as required in respect of construction constracts under Ind AS 115-Revenue from Contracts with Customers are as under:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Contract costs incurred	18,64,919.54	18,33,195.82
Add : Recognised profit net of recognised (losses)	(61,266.14)	(44,979.37)
Contract Revenues*	18,03,653.40	17,88,216.45
Progress Billing	16,97,996.50	16,81,033.40
Unbilled Revenue transferred	1,01,224.00	1,01,224.00
Unbilled Revenue	4,432.90	5,959.05
Due from Customers	4,432.90	5,959.05
Less: Allowance for doubtful amount	2,590.51	2,586.53
Less: Provision for future foreseeable losses	475.53	1,009.31
Net Due from Customers	1,366.86	2,363.22
Advance payments received	2,919.67	4,350.68
Retention amount	1,257.72	-
Provision for future foreseeable losses as on	475.53	1,009.31

Refer Note 25(A)(ii) for Loss Allowances on Trade Receivables

Sale of equipments and contract revenue in respect of construction contracts as reported in this accounts is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the Company and such estimates are verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

Note 34: Earnings Per Share

Particulars	As at 31st March, 2023	As at 31st March, 2022
(a) Basic Earnings Per Share		
Profits/(Losses) attributable to the Equity Holders of the Company	(2,47,120.75)	(7,714.23)
Total Basic Earnings Per Share attributable to the Equity Holders of the Company	(116.80)	(3.65)
(b) Diluted Earnings Per Share		
Profits/(Losses) attributable to the equity holders of the company	(2,47,120.75)	(7,714.23)
Total Diluted Earnings Per Share attributable to the Equity Holders of the Company	(116.80)	(3.65)

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(c) Weighted average numbers of shares used as denominator

Particulars	As at 31st March, 2023	As at 31st March, 2022
	Number of Shares	
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	21,15,70,757	21,15,70,757
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	21,15,70,757	21,15,70,757

Note 35: Segment information

The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.

The Company has not earned any revenue from outside India during the Financial Year 2022 -23 & 2021-22.

Note 36: Assets pledged as Security

The carrying amounts of assets pledged as Security for Current and Non-current Borrowings are:

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
		Number of Shares	
Current			
Financial Assets			
Trade Receivables	6(a)	75,237.37	95,549.56
Cash and Cash Equivalents	6(b)	2,948.23	2,412.41
Other Financial Assets	6(d)	34,290.70	36,098.11
Loans	6(c)	1,744.38	1,744.38
Non-Financial Assets			
Inventories	8	74.68	165.82
Other Current Assets	10	40,844.46	45,883.52
Total Current Assets pledged as security		**1,55,139.82**	**1,81,853.81**
Non-current			
Property, Plant and Equipment	3	1,670.83	2,002.15
Capital work in progress	3	462.62	462.62
Other Financial Assets	6 (d)	5.04	14.58
Investments	5	124.80	18,051.51
Total non-currents assets pledged as security		**2,263.29**	**20,530.86**
Total assets pledged as security		**1,57,403.10**	**2,02,384.67**

Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Investments in Mutual Funds relating to Rs. 81.33 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid in earlier year, however lien against the investment pledged has not been satisfied till date.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 37: Accounting Ratios

Sl No	Particulars	Nemerator	Denominator	Nemerator	Denominator	31-Mar-23	Nemerator	Denominator	31-Mar-22	Variation (in%)	Reasons (if Variance is more than 25%)
1	Current Ratio	Current Assets	Current Liability	1,55,382.07	5,41,778.02	0.29	1,82,727.23	2,41,732.75	0.76	(62.06)	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
2	Debt - Equity Ratio	Total Debts (including Lease Liability)	Shareholder's Equity (including OCI)	5,08,090.44	(3,32,555.33)	(1.53)	2,28,490.04	(1,639.37)	(139.38)	(98.90)	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
3	Debt Service Coverage Ratio	Earning available for Debt Service	Debt Service	(53,187.15)	5,08,090.44	(0.10)	(7,185.81)	2,28,490.04	(0.03)	232.86	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
4	Return on Equity Ratio	Net Profit after Tax (including OCI)	Average Share Holder Fund	(2,47,111.69)	(1,67,097.35)	1.48	(7,671.44)	2,870.76	(2.67)	(155.34)	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
5	Inventory Turnover Ratio	Sales	Avg Inventory	22,827.54	120.25	189.84	25,270.74	229.41	110.16	72.34	During the year the level of inventory has decreased
6	Trade Receivable Turnover Ratio	Sales	Average Trade Receivables	22,827.54	85,393.47	0.27	25,270.74	1,00,384.93	0.25	6.19	N/A
7	Trade Payable Turnover Ratio	Purchase of Goods and Service	Average Trade Payable	12,230.48	22,298.04	0.55	11,879.45	22,164.17	0.54	2.34	N/A
8	Net Capital Turnover Ratio	Sales	Working Capital	22,827.54	(3,86,395.95)	(0.06)	25,270.74	(59,005.52)	(0.43)	(86.21)	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
9	Net Profit Ratio	Net Profit (including OCI)	Sales	(2,47,111.69)	22,827.54	(10.83)	(7,671.44)	25,270.74	(0.30)	3,465.95	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
10	Return on Capital Employed	Earning before Interest and Taxes (EBIT)	Capital Employed	(53,584.02)	1,75,535.11	(0.31)	(7,714.23)	2,26,850.67	(0.03)	797.67	During the year the company has recognised all accrued interest on borrowings resulting in increase in Current Liabilities. Refer Note 39 & 46
11	Return on Investment	Return on Investment	Total Invetsment	(2.98)	124.80	(0.02)	(2.87)	18,054.36	-	14,918.57	Due to cancellation of investment of MSEL as per NCLT order.Refer Note 49

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Earning available for Debt Service	Net Profit before Taxes + Non-Cash operating expenses like depreciation and other amortisation + Interest + Other adjustments like loss/Profit on sale of Fixed Asset etc.
Debt Service	Interest and Lease payments + Principal repayments.
Capital Employed	Tangible Net Worth + Total Debt + Deferred Tax Liability
	Tangible Net Worth = Total Assets - Intangible Assets - Total Liability

Note 38: Details of Loans given covered under Section 186(4) of the Companies Act, 2013.

Particulars	31st March, 2023	31st March, 2022
MBE Minerals Zambia Limited*	1,385.04	1,385.04
McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. 30.06.2017)*	40.08	40.08
Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. 29.08.2018)#	1,744.38	1,744.38
Total	**3,169.50**	**3,169.50**

*Allowance for doubtful loan receivables recognised

#The Company has given moratorium for payment of interest and hence not recognised interest income on the loans for the year ended 31st March, 2023 on prudencial basis.

Refer Note 5 for investments made by the Company

Note 39:

As per the Indian Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which prescribes that the material prior period errors are to be corrected retrospectively by restating the comparative amounts for prior period(s) presented in which the error occurred. Further if the error occurred before the earliest period presented, the opening balance of assets, liabilities and equity/retained earnings for the earliest period presented is required to be adjusted. However, considering the provision of sections 131 of the Companies Act 2013, requiring prior approval of "National Company Law Tribunal" for recasting of earlier period financial statements, the Company has carried out the required accounting adjustments in the current financial year ended 31st March, 2023 as Finance Cost and disclosed the adjustment made by way of notes to the financial statement for the said financial year.

Note 40:

The Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The Company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Company has a legitimate claim of ₹1,517 lakhs towards receivable and ₹ 1,133 lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of ₹ 7,334 lakhs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on October 25, 2010 has upheld Elsamex S A's claim and has given award in favour of Elsamex S A. Under the award, a total amount of ₹ 3,535 Lakhs is receivable by the Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court in January, 2011 for a stay in the matter of payment of award money. The matter is still pending for hearing.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 41:

An application for initiation of the Corporate Insolvency Resolution Process ("CIRP") was filed by the Bank of India under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against McNally Bharat Engineering Company Limited ("CorporateDebtor"). The CIRP commenced vide Order dated 29.04.2022 of the Hon'ble National Company Law Tribunal, Kolkata, Bench-I ("Hon'ble Tribunal") and Mr. Anuj Jain (IBBBI registration number : IBBI/IPA-001/IP-P00142/2017-2018/10306) was appointed as the Interim Resolution Professional ("IRP").

The members of the Committee of Creditors ("CoC") approved the appointment of Mr. Ravi Sethia (IBBI registration number : IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional ("RP") of the Corporate Debtor, and Hon'ble Tribunal confirmed the same vide order dated 26.08.2022 in (I.B.C.) No. 766 of 2022.

The 1st CoC Meeting was held on 02.06.2022 in which, the IRP published Form G for inviting Expression of Interest ("EOI") from potential resolution applicantson 05.07.2022. Thereafter, a final list of 17 PRAs was issued by the IRP on 17.08.2022. The IRP issued RFRP including Evaluation Matrix and Information Memorandum on 20.08.2022. Thereafter, three Prospective Resolution Applicants ("PRAs") submitted their Resolution Plans on the last date of submission of the Resolution Plan on 05.12.2022. Another PRA, Rashmi Metaliks Limited had submitted the resolution plan after seeking order in this regard from Hon'ble National Company Law Appellate Tribunal. In the 14th CoC Meeting held on 21.01.2023, the Challenge Process took place and revised Resolution Plans were received from the Resolution Applicants by the Resolution Professional on 28.02.2023. Thereafter, in the 22nd CoC Meeting held on 10.04.2023 the Second Challenge Process took place for fresh Resolution Plan.

The CIRP Period of 180 days ended on 31.10.2022. Hon'ble Tribunal vide order dated 01.11.2022 in IA(I.B.C)/1282(KB)2022, extended the period of CIRP by 90 days with effect from 31.10.2022. The RP filed an application bearing IA No. 848/KB/2023 before Hon'ble Tribunal for an extension of the CIRP period by 60 days beyond 270 days ending on 22.04.2023. The IA was heard by Hon'ble Tribunal on 19.05.2023 and order has been reserved by the Hon'ble Tribunal.

Note 42:

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, submission of viable resolution plan by the prospective investor and approval thereof by the COC and NCLT respectively. In view of the opinion of the Board of Directors and KMPs, resolution and revival of the 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 statements of the company have been prepared on going concern basis.

Note 43:

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 pass an order for liquidation of Corporate Debtors under section 33 of the IBC, as the case may be. 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 till the conclusion of CIRP. Therefore, no impact has been considered in these statements as of now.

Note 44:

In earlier years, Company had recognised fairvaluation gain on account of deferred repayment of Inter Corporate Deposits taken from Seajuli Developers & Finance Ltd and Woodside Parks Ltd aggregating to ₹ 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 Company has reversed its fairvaluation gain which was recognised in earlier years under the head' Other Equity' and correspondingly loan amounting to ₹ 98,592.94 Lakhs is shown as "Borrowings".

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 45:

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers and Loans to others and company has written off trade receivable of ₹ 4,487.14 lakhs and claim recoverable of ₹ 841.35 lakhs.

Note 46:

The Company has been categorised as Non Performing Asset by the lender banks and majority of the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Company has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings till 31st March, 2022.

In the current year, the company has recorded interest expense till 31st March, 2023 for earlier as well as current years, on bank borrowing based on the claims filed with the RP and Memorandum Statements, if provided by the bank. For the remaining, the company has charged interest assuming 16% rate of interest compounded quarterly.

Further, the company has also recorded interest expense till 31st March, 2023 for earlier as well as current years interest on intercorporate deposits based on the claims filed with RP and thereafter as per the terms with the respective lenders, if any. For the remaining, the company has charged interest assuming 16% rate of interest compounded quarterly.

The operational creditors have also submitted claims to the IRP/RP amounting to ₹ 31,563.50 lakhs, out of which RP has provisionally admitted claims of ₹ 18,247.33 lakhs, as on 21.01.23 but reconciliation there of with books is under process, which will be taken in to records appropriately once reconciliation and settlement with creditors is complete.

Note 47:

The Hon'ble Calcutta High Court by an order dt. 02.03.2022, has restrained the company from dealing with Banks which has affected operations of the company badly. The Company has filed a petition before the Hon'ble Court for withdrawal of the order since CIRP process has been initiated on the company and hearing of the petition is scheduled on 06th June, 2022.

Note 48:

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 has significantly impacted business operations of the Company, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as State Governments, the business of the Company is regaining normalcy in terms of volume as well as cash flow. 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 & Current Assets and has concluded that no material adjustments are required currently at this stage.

Note 49:

One of the Subsidiary, McNally Sayaji Engineering Limited has been drawn into Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021. On 24th February, 2023 NCLT has approved the resolution plan in the favour of one of the successful resolution applicant, Tega Industries Limited. As per the order all the existing investment held by the company of MSEL has been cancelled and delisted. Consequently, MSEL ceased to be the subsidiary of McNally Bharat Engineering Co. Ltd with effect from said date and MBE Coal & Minerals Technology India Ltd, being step-down subsidiary of the Holding company no longer remains its step-down subsidiary.

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 50:

Trade Receivables, Other Current Assets and Other Financial 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. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of trade receivables which include ₹ 41,269.25 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business, hence no impairment has been considered at this stage.

Note 51: Interest In Joint Venture

Name	Project	Principal Place of Business	31st March, 2023 Proportion of ownership Interest	31st March, 2022 Proportion of ownership Interest
EMC MBE Contracting Co LLC	EMC	Oman	35%	35%
McNally- AML	Dipka	Indian	98%	98%
	Ananta	Indian	97%	97%
McNally- Trolex	Chhal	Indian	96%	96%
	Baroud	Indian	97%	97%
McNally- Trolex- Kilburn	Sardega	Indian	80%	80%

Note: Profit/Loss for the year of Joint Ventures which are not material have not been considered in the Financial Statements

Note 52:

Other Statutory Information

(i) There is no immovable property held in the name of the Company during the year.

(ii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(iii) The Company does not have any transactions with Companies struck off under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 2013.

iv) The Company has not been declared as a wilful default by any bank of financial institution or other lender.

(v) Borrowings from bank and financial institution has been classified as Non-Performing Assets. So, filing of quarterly statements are not required.

(vi) The Company does not have any charge or satisfaction of charge, which is yet to be filed with ROC beyond the statutory period.

(vii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(viii) The Company has not advanced or loaned to or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intemediary shall.

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.

(ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

Notes forming part of the Standalone Financial Statements

for the year ended 31st March, 2023

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(x) The Company has no such transaction unrecorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income tax Act, 1961 Such as , search or survey or any other relevant provision of the Income Tax Act, 1961.

Note 53:

As the powers of the Board of Directors have been suspended, the financial statements have not been adopted by the Board of Directors. However, the same have been reviewed and signed by RP, Non-Executive director and KMPs of the Company.

Note 54:

There are no significant subsequent events that would require adjustments or disclosures in the Standalone Financial Statements as on the date of approval of these Standalone Financial Statements.

Note 55:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Signature to Note 1 to 55
As per Report of our even date
For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place: Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN: 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Financial Section

Independent Auditors' Report

To the Members of

McNally Bharat Engineering Company Limited

Report on the Audit of the Consolidated Financial

Statements Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the aforesaid Consolidated Financial Statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and also does not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023, their consolidated loss including Other Comprehensive Loss, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Adverse Opinion

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

i. We draw attention to Note 51 to the Consolidated Financial Statements 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. We draw attention to Note 7(d) to the Consolidated Financial Statements, Claims Recoverable (BG Encashed) amounting to ₹ 36,252.08 Lakhs, including ₹ 13,690.09 Lakhs under arbitration are doubtful. 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 ₹ 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 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 has stopped recognizing interest income on the same. In absence of any further communication between the Holding Company and VSPL made available to us, 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 8 to the Consolidated Financial Statements mentions that the Holding Company had recognized deferred tax

Independent Auditors' Report *(Contd.)*

assets of Rs. 51,706.60 lakhs up to 31st March, 2018, which is being carried forward in the 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 such deferred tax assets would 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 31st March, 2023.

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

d) Change in Accounting Estimates and Errors

Note 41 to the Consolidated Financial Statements, states that the Holding Company has not restated the Consolidated Financial Statement of previous year in which the accounting mistakes/ misstatements occurred. Further, as explained to us, the Holding Company has not approached "National Company Law Tribunal" (NCLT) as per the provisions of section 131 of the Companies Act 2013, which require prior approval of NCLT for recasting of earlier period financial statements.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Consolidated Financial Statements.

Material uncertainty related to Going Concern

The Group has reported a net loss in current year amounting to ₹ 2,26,339.24 Lakhs (previous year ₹ 11,977.56 Lakhs) 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, customers and approval of resolution plan submitted by the prospective investor. 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.

Note 45 to the Consolidated Financial Statements has asserted as below for continuing as a going concern:

"The Holding company is under CIRP hence, the ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers, submission of viable resolution plan by the prospective investor and approval thereof by the COC and NCLT respectively. In view of the opinion of the management, 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 Consolidated Financial Statements have been prepared on going concern basis." However, we could not gather sufficient audit evidence with respect to the management's this assertion and are unable to comment on preparation of Consolidated Financial Statements.

Emphasis of Matters

a) Appointment of Resolution Professional and Constitution of Committee of Creditors

Note 44 to the Consolidated Financial Statements informs that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Holding Company vide an order dated 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and were exercisable by the Interim Resolution Professional, Mr. Anuj Jain. Committee of Creditors ("CoC") has been constituted on 18th May, 2022 on the basis of collation of claims.

Independent Auditors' Report *(Contd.)*

Thereafter, NCLT has passed order dated 26th August, 2022, approving the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP).

b) Non-Assessment of Pending Litigations

Note 46 to the Consolidated Financial Statements refers to the Holding Company's receipt of regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various government authorities such as departments of Goods and Services Tax, Income Tax, etc. In view of Holding Company's admission under CIRP, all existing civil / 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 Consolidated Financial Statements as of now.

c) Other Equity

Note 47 to the Consolidated Financial Statements, pertaining to claims of two financial creditors Seajuli Developers & Finance Limited (SDFL) and Woodside Parks Limited (WPL). In earlier years, the Holding Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposit from SDFL and WPL amounting to ₹ 83,804.25 Lakhs. Under CIRP, both the companies have submitted their financial claims to the RP, which the RP has admitted. Hence, the Holding Company reversed its fair valuation gain which was recognized earlier and has classified the same under the head Current Borrowings.

d) Exceptional Items

i) Note 23 (c) and 33 to the Consolidated Financial Statements state that the claim of EIG (Mauritius) Limited admitted by RP as per arbitration award amounting to ₹ 7,773.61 Lakhs has been recognized in Consolidated Statement of Profit and Loss under the head "Exceptional Items" and consequently interest thereon amounting to ₹ 888.94 Lakhs has also been accounted for under the head "Finance Costs".

ii) Note 23 (c) and 52 to the Consolidated Financial Statements, state that one of the subsidiaries, "McNally Sayaji Engineering Limited" (MSEL) was under CIRP vide Hon'ble NCLT order dated 11th February, 2021. During the year, the resolution plan of the said subsidiary was approved by the Hon'ble NCLT vide order dated 24th February, 2023. By virtue of the said order approved by the NCLT, the existing Investment of MSEL stood delisted and cancelled. Consequently, MSEL and MBE Coal & Mineral Technology India Private Limited (step down subsidiary) ceased to be the subsidiaries of the Holding Company. Consequently, as per the order the Holding Company has not received net advance of Rs. 70.15 Lakhs which has been written off from the books of the Holding Company and shown as "Exceptional Item" in the Consolidated Statement of profit and loss.

In view of the above mentioned NCLT Order, during the year, the assets of "McNally Sayaji Engineering Limited" amounting to ₹ 38,888.76 Lakhs and liabilities amounting to ₹ 36,623.29 Lakhs were derecognized. Further, in the Consolidated Financial Statement an amount of ₹ 3,738.17 Lakhs was reduced from Reserves pertaining to profit earned from MSEL and adjustment of controlling interest for cessation of the subsidiary of the Holding Company and an amount of ₹ 1,163 Lakhs being goodwill of MSEL and ₹ 1,261 lakhs of Non-Controlling Interest were charged off in Consolidated Statement of Profit and Loss.

e) Others

i) Note 53 to the Consolidated Financial Statement states that the Statement of Profit and Loss of EMC MBE Contracting Company LLC whose carrying value in the Financial Statements of the Holding Company is ₹Nil (Net of impairment) has not been considered in the Consolidated Statement of Profit and Loss.

Independent Auditors' Report *(Contd.)*

ii) Note 53 to the Consolidated Financial Statement states that the profit/loss of the Joint Venture of the Holding Company i.e. McNally-Trolex, McNally-AML and McNally-Trolex-Kilburn whose carrying value in the Statement of profit and loss of the Holding Company is ₹ Nil (net of impairment) and has not been considered in the Consolidated Statement of Profit and Loss.

Our opinion on the Consolidated Financial Statements is not modified in respect of these matters.

This Consolidated Financial Statement includes the results of the subsidiaries listed below:

i) Wholly Owned Subsidiary Companies of the Holding company

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

ii) Joint Ventures of the Holding Company

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

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	**Estimated Cost to complete the Project / Revenue Recognition:** (Refer note 1(d) to the Consolidated Financial Statements) The Group recognises revenue under percentage of completion method as specified under Indian Accounting Standard 115 "Revenue from Contract with Customers". Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.	Our audit approach was combination of test of internal controls and substantive procedures which includes the following: 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the Independent Chartered Engineer's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis.

Independent Auditors' Report *(Contd.)*

2.	**Provisions and Contingent Liabilities** (Refer note 33 to the Consolidated Financial Statements) The Holding Company is involved in various tax and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relate, primarily to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Consolidated Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.	Our audit approach was a combination of test of controls and substantive procedures which includes the following: 1. Assessing the appropriateness of the design and implementation of the Group's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of the Board and the Sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Group considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon ('Other Information')

In view of ongoing Corporate Insolvency Resolution Process (CIRP), the management under RP is responsible for the preparation of the Other Information. The Other Information comprises of the information included in the Management Discussion and Analysis, Board's Report including Annexures to its Report, Corporate Governance and Shareholders Information but does not include the Consolidated Financial Statements and our Auditor's Report thereon. The above referred information is expected to be made available to us after the date of this Audit Report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

a) The Holding Company has been undergoing Corporate Insolvency Resolution Process ("CIRP") in terms of the provisions of the Insolvency & Bankruptcy Code, 2016 ("IBC") vide order dated 29.04.2022 passed by the Hon'ble National Company Law Tribunal ("NCLT") Kolkata Bench.

   An application for initiation of the Corporate Insolvency Resolution Process ("CIRP") was filed by the Bank of India under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against the Holding Company, McNally Bharat Engineering Company Limited ("Corporate Debtor"). The CIRP commenced vide Order dated 29.04.2022 of the Hon'ble National Company Law Tribunal, Kolkata, Bench-I ("Hon'ble Tribunal") and Mr. Anuj Jain (IBBBI registration number: IBBI/IPA-001/IP-P00142/2017-2018/10306) was appointed as the Interim Resolution Professional ("IRP").

Independent Auditors' Report *(Contd.)*

The members of the Committee of Creditors ("CoC") approved the appointment of Mr. Ravi Sethia (IBBI registration number: IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional ("RP") of the Corporate Debtor, and Hon'ble Tribunal confirmed the same vide order dated 26.08.2022 in (I.B.C.) No. 766 of 2022.

The 1st CoC Meeting was held on 02.06.2022 in which, the IRP published Form G for inviting Expression of Interest ("EOI") from potential resolution applicants on 05.07.2022. Thereafter, a final list of 17 PRAs was issued by the IRP on 17.08.2022. The IRP issued Request For Resolution Plan ("RFRP") including Evaluation Matrix and Information Memorandum on 20.08.2022. Thereafter, three Prospective Resolution Applicants ("PRAs") submitted their Resolution Plans on the last date of submission of the Resolution Plan i.e, on 05.12.2022. Another PRA, Rashmi Metaliks Limited submitted the resolution plan after seeking order in this regard from Hon'ble National Company Law Appellate Tribunal. In the 14th CoC Meeting held on 21.01.2023, the Challenge Process took place and revised Resolution Plans were received from the Resolution Applicants by the Resolution Professional on 28.02.2023. Thereafter, in the 22nd CoC Meeting held on 10.04.2023 the Second Challenge Process took place for fresh Resolution Plan.

The CIRP Period of 180 days ended on 31.10.2022. Hon'ble Tribunal vide order dated 01.11.2022 in IA(I.B.C)/1282(KB)2022, extended the period of CIRP by 90 days with effect from 31.10.2022. The RP filed an application bearing IA No. 848/KB/2023 before Hon'ble Tribunal for an extension of the CIRP period by 60 days beyond 270 days ending on 22.04.2023. The IA was heard by Hon'ble Tribunal on 19.05.2023 and order has been reserved by the Hon'ble Tribunal.

b) RP is currently managing the operations of the Holding Company and Consolidated Financial Statements have been prepared on going concern basis.

In view of ongoing CIRP, the management under the RP, is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance, including total comprehensive loss, changes in equity and cash flows of the group in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management under the RP is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so.

The management under RP is also responsible for overseeing the Holding Company's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

Independent Auditors' Report *(Contd.)*

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to Consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management under the RP.
- Conclude on the appropriateness of management under the RP's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(i) The Consolidated Financial Statements includes the audited financial statements/information of one subsidiary which reflects the Group's share of total assets ₹ 224.74 Lakhs total revenue ₹130.76 Lakhs and net cash flow/(outflow) ₹ (48.15) Lakhs for the year ended as on that date, which was not audited by us. The financial information has been considered based on the financial statements audited by another auditor whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary, is based solely on the reports of another auditor.

(ii) We draw attention to Note No 52 to the Consolidated Financial Statements that, on 24th February 2023, one of the subsidiary companies, Mcnally Sayaji Engineering Limited ("MSEL") ceased to be a subsidiary as per the NCLT order as its entire share capital was cancelled. Consequently, the Holding Company has consolidated its financial information till the date control exists i.e., 24th February, 2023. The Holding Company has considered such subsidiary company's management-certified financial statements/financial information in the Consolidated Financial Statements.

Independent Auditors' Report *(Contd.)*

The Consolidated Financial Statements includes the unaudited Financial Information of MSEL whose Consolidated Financial information reflect Group's share of total revenue of ₹ 15,442 Lakhs for the financial year ended 31st March, 2023 and Group's share of total net profit of ₹ 4,003 Lakhs for the financial year ended 31st March, 2023.

(iii) The Consolidate financial statements includes the unaudited financial statements/ information of two overseas subsidiaries which reflects the Group's share of total assets ₹ 111.65 Lakhs, total revenue Nil and net cash flow/ (outflow) Nil for the year ended as on that date. The Financial Information has been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the entity is based solely on such interim financial information. In our opinion and according to the information and explanations given to us by the management, this interim financial information is not material to the Group.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

   a) we have sought and except for possible effects of the matters described in the basis for Adverse Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;

   c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statement;

   d) considering the significance of the matter described in the Basis for Adverse Opinion Section above, in our opinion, the aforesaid Consolidated Financial Statements do not comply with the Indian Accounting Standards specified under Section 133 of the Act;

   e) on the basis of the written representations received from the directors of the Group, none of the directors is disqualified as on 31st March, 2023 form being appointed as a director in terms of section 164(2) of the Act. However, in view of ongoing CIRP starting from 29th April, 2022, the powers of Board of Directors of the Holding Company stand suspended as per section 17 of the Code and such powers are exercised by the Resolution Professional during the year.

   f) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses qualified opinion on the adequacy and operating effectiveness of internal financial controls of the Holding Company with reference to the consolidated financial statement.

   g) The adverse remarks on the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above.

   h) The matters described in the Basis for Adverse Opinion section above, specially that relating to Non Adjustment of the carrying value of loan and Change in accounting estimates and errors stated in para (b) and (d) of that section, adjustment of balances of Current Assets, current liabilities and Capital Work – In - Progress as per the basis stated in para (a) about pending confirmations and adjustments and Material uncertainty relating to going concern assumption pending approval of resolution plan, in our opinion, may have adverse effect on the functioning of the group.

   i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

Independent Auditors' Report *(Contd.)*

i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Group has disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements (Refer Note 33 to the Consolidated Financial Statements);

ii. the Group has made provision as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contract including derivative contracts; and

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the group from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on our audit procedure that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) or (b) contain any material misstatement. However, in respect of the earlier year transactions dealing with loans and advances, securities, guarantees etc. as stated in those years which are forming part of the Basis for Adverse Opinion as given above, we are unable to ascertain and/or comment as required under this para.

v. The Group has not declared any dividend during the financial year thereby reporting under Section 143(11) (f) is not applicable for the group.

vi. By virtue of the Companies (Accounts) Second Amendment Rules, 2022, the requirement for using accounting software which has a feature of recording audit trail as prescribed in Rule 3(1) of the Companies (Accounts) Rules, 2014, is applicable for the Group only with effect from 1st April, 2023.

2. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the group has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(Aniruddha Sengupta)
Partner
Membership No. 051371
UDIN: 23051371BGVSBS259

Place: Kolkata
Date: 26th May, 2023

Annexure - A to the Independent Auditors' Report

Referred to in Paragraph-1 of the Independent Auditor's Report of even date to the members of McNally Bharat Engineering Company Limited on the Consolidated Financial Statements as of and for the year ended 31st March, 2023.

As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order 2020 ("CARO 2020") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that the following comments have been given in the respective subsidiary company's CARO report by their Auditor in their standalone financial statements which have been included in the Consolidated Financial Statements of the Holding Company:

Name of the Company	CIN	Holding / Subsidiary Company	Date of respective Audit Report	Clause number of CARO Report which is qualified or adverse
McNally Bharat Engineering Company Limited	L45202WB1961PLC025181	Holding	26th May, 2023	(i)(b), (iii)(b), (iii)(c), (iii)(f), (vii)(a), (vii)(b), (ix)(a)(i), (ix)(a)(ii), (xix)
McNally Bharat Equipments Limited	U27106WB2008PLC123789	Subsidiary	18th May, 2023	(iii)(a)(B), (iii)(f)

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(Aniruddha Sengupta)
Partner
Membership No. 051371
UDIN: 23051371BGVSBS2591

Place: Kolkata
Date: 26th May, 2023

Annexure - B to the Independent Auditors' Report

Referred to in Paragraph 1(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Consolidated Financial Statements for the year ended 31st March, 2023

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries which are incorporated in India (collectively referred to as "the Group") as of and for the year ended 31st March, 2023 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective management under the Resolution professional (RP) of the Holding Company and Board of Directors of its subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the financial statements of the Holding Company and its Subsidiary Companies, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated financial statements of the Holding Company and its Subsidiary Companies, which are incorporated in India.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial controls over financial reporting includes those policies and procedures that (1) pertains to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Annexure - B to the Independent Auditors' Report *(Contd.)*

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated financial statements of future periods are subject to the risk that the internal financial controls with reference to Consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the company's internal financial control over financial reporting with reference to financial statements as at 31st March, 2023:

(i) with respect to the Holding Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate the appropriateness of the carrying amount of deferred tax, Impairment of trade receivable and other financial assets and recognition of gain on fair valuation of financial liabilities.

(ii) with respect to receivables appropriate provisioning did not operate effectively which resulted in non-ascertainment of adequate provisioning against the receivables.

(iii) with respect to loan given the Holding company did not have appropriate system to evaluate the credit worthiness of the party and recoverability of monies given including interest thereon and also ensuring the compliances with respect to provisions of the Companies Act, 2013 so that these are not considered to be prejudicial to the interest of the Company.

(iv) Certain individual details of debit and credit balances and reconciliation thereof with control balances of receivable/ payable including supporting evidence for movement thereof as given in Note no. 51 of the Consolidated financial statement were not available. IT Control systems and procedures needs strengthening in terms of framework for Internal Control over financial reporting with reference to financial statements taking into account related controls and procedures as stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India so as to facilitate required reconciliations and provide details for documentation with respect to internal financial controls in the respective areas.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the Holding Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion as well as to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the material weakness described in the Basis for Qualified Opinion section above on the achievement of the objective of control criteria; the Holding Company and its subsidiaries which are incorporated in India, has in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023 based on the criteria for internal financial control over financial reporting established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

We have considered the material weakness identified and report in determining the nature, timing and extent of audit tests applied in our audit of the consolidated financial statements of the Group, for the year ended 31st March, 2023, and these material weaknesses have affected our opinion on the said consolidated financial statements of the group and we have issued an adverse opinion on the consolidated financial statements of the group.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(Aniruddha Sengupta)
Partner
Membership No. 051371
UDIN: 23051371BGVSBS2591

Place: Kolkata
Date: 26th May, 2023

Consolidated Balance Sheet as at 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March , 2023	As at 31st March, 2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	1,670.83	13,473.15
Right to use Assets	3	97.47	339.45
Capital Work-in-progress	3	462.62	482.62
Investment Property	4	-	355.42
Goodwill on Consolidation	5	-	1,162.64
Other Intangible Assets	5	56.54	53.15
Financial Assets			
i. Investments	6	114.85	117.84
ii. Trade Receivables	7(a)	-	939.00
iii. Other Financial Assets	7(d)	20.50	784.58
Deferred Tax Assets (net)	8	51,706.60	57,940.49
Other Non-Current Assets	9	-	134.00
Total Non-Current Assets		**54,129.41**	**75,782.34**
Current Assets			
Inventories	10	74.68	5,465.82
Financial Assets			
i. Trade Receivables	7(a)	75,293.73	99,252.23
ii. Cash and Cash Equivalents	7(b)	3,012.10	4,502.27
iii. Bank Balances other than (ii) above	7(b)	11.37	116.00
iv. Loans	7(c)	1,828.12	1,852.46
v. Other Financial Assets	7(d)	34,321.14	36,818.85
Current Tax Assets (net)	11(a)	234.73	1,101.67
Other Current Assets	11(b)	40,846.20	44,996.32
Total Current Assets		**1,55,622.07**	**1,94,105.62**
Total Assets		**2,09,751.48**	**2,69,887.96**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12(a)	21,157.08	21,157.08
Other Equity			
Reserves and Surplus	12(b)	(3,53,635.60)	(38,464.98)
Equity attributable to owners of the Holding Company		(3,32,478.52)	(17,307.90)
Non-controlling Interest		0.05	1,231.51
Total Equity		**(3,32,478.47)**	**(16,076.39)**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
i. Borrowings	13(a)	115.00	14,788.69
ii. Lease Liabilities	13(c)	24.22	257.88
Provisions	14	259.06	695.34
Total Non-Current Liabilities		**398.28**	**15,741.91**
Current Liabilities			
Financial Liabilities			
i. Borrowings	13(b)	3,10,324.52	2,25,350.76
ii. Lease Liabilities	13(c)	87.60	129.60
iii. Trade Payables	13(d)		
- Total outstanding dues of Micro, Small and Medium Enterprises		184.22	540.96
- Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		22,893.20	25,322.35
iv. Other Financial Liabilities	13(e)	2,03,112.60	12,879.97
Provisions	14	92.32	230.95
Other Current Liabilities	15	5,137.21	5,767.85
Total Current Liabilities		**5,41,831.67**	**2,70,222.44**
Total Equity and Liabilities		**2,09,751.48**	**2,69,887.96**
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 57.
This is the Balance Sheet as referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place : Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN : 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
Revenue from Operations	16	38,078.60	42,426.74
Other Income	17(a) & (b)	4,381.68	7,120.37
Total income		**42,460.28**	**49,547.11**
Expenses			
Cost of Materials Consumed	18	21,440.63	21,422.63
Changes in Inventories of Work-in-Progress and Finished Goods	19	(83.00)	(208.00)
Outsourcing Expenses to Job Workers		9,644.30	11,819.90
Employee Benefits Expense	20	6,279.57	7,183.30
Finance Costs	21	1,93,863.72	5,092.53
Depreciation and Amortisation Expenses	22	1,004.87	1,272.45
Other Expenses	23	32,803.02	11,966.65
Total Expenses		**2,64,953.11**	**58,549.46**
Profit/(Loss) before exceptional items	23 (c)	**(2,22,492.83)**	**(9,002.35)**
Exceptional Items		2,390.24	(3,075.00)
Profit/(Loss) before tax		**(2,20,102.59)**	**(12,077.35)**
Income Tax Expense	24		
- Current Tax		2.69	-
- Tax for earlier years		(22.89)	(22.00)
- Deferred Tax		6,233.89	-
Total Tax Expense		**6,213.69**	**(22.00)**
Profit/(Loss) for the year		**(2,26,316.28)**	**(12,055.35)**
Other Comprehensive Income/(Loss) for the year			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Post-employment Defined Benefit Obligations		(22.96)	77.79
Income Tax relating to these items		-	-
Other Comprehensive Income/(Loss) for the year		**(22.96)**	**77.79**
Total Comprehensive Income/ (Loss) for the year		**(2,26,339.24)**	**(11,977.56)**
Profit/(Loss) attributable to:			
Owners of the Holding Company		(2,27,060.38)	(11,254.61)
Non-Controlling Interest		744.10	(800.74)
		(2,26,316.28)	**(12,055.35)**
Other Comprehensive Income/(Loss) attributable to :			
Owners of the Holding Company		(17.06)	71.34
Non-Controlling Interest		(5.90)	6.45
		(22.96)	**77.79**
Total Comprehensive Income/(Loss) attributable to :			
Owners of the Holding Company		(2,27,077.44)	(11,183.27)
Non-Controlling Interest		738.20	(794.28)
		(2,26,339.24)	**(11,977.55)**
Earnings per share (EPS) for the year (Face value of ₹ 10/- per share):			
Basic (₹)	37	(107.32)	(5.32)
Diluted (₹)	37	(107.32)	(5.32)
Significant Accounting Policies, Judgements, Estimates and Assumptions	1-2		

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 57.
This is the Profit and Loss as referred to in our report of even date.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place : Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN : 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. Equity Share Capital

Particulars	Notes	Equity Share Capital
As at 31st March, 2021		**21,157.08**
Changes in Equity Share Capital	12(a)	-
As at 31st March, 2022		**21,157.08**
Changes in Equity Share Capital	12(a)	-
As at 31st March, 2023		**21,157.08**

B. Other Equity

Particulars	Notes	Reserves and surplus							Non-Controlling Interests	Total
		Securities Premium	Retained Earnings	Capital Redemption Reserve	Capital Reserve	Foreign Currency Translation Reserve	Other Reserve	General Reserve		
Balance as at 1st April, 2021		**1,12,869.05**	**(2,25,990.44)**	**101.00**	**344.28**	**(123.17)**	**85,148.70**	**1,766.63**	**2,019.79**	**(23,864.15)**
Profit/(Loss) for the year	12(b)	-	(11,254.61)	-	-	-	-		(800.74)	(12,055.34)
Other Comprehensive Income/(Loss) for the year	12(b)	-	71.34	-	-	-	-	-	6.45	77.79
Adjustment for change in ownership interest	12(b)	-	26.50	-	-	-	-	-	5.99	32.49
Appropriations during the year	12(b)	-	-	-	-	(79.82)	-	-	-	(79.82)
Reversal of Fair value gain on Financial Liabilities		-	-	-	-	-	(1,344.43)	-	-	(1,344.43)
Balance as at 31st March, 2022		**1,12,869.05**	**(2,37,147.21)**	**101.00**	**344.28**	**(202.99)**	**83,804.27**	**1,766.63**	**1,231.51**	**(37,233.46)**
Profit/(Loss) for the year	12(b)	-	(2,27,060.38)	-	-	-	-	-	744.10	(2,26,316.28)
Other Comprehensive Income/(Loss) for the year	12(b)	-	(17.06)	-	-	-	-	-	(5.90)	(22.96)
Adjustment/ Other Adjustment for change in ownership interest	12(b)	-	(3,738.16)	-	(344.28)	-	-	(216.99)	(1,969.66)	(6,269.09)
Effects of Exchange rate changes	12(b)	-	-	-	-	10.51	-	-	-	10.51
Reversal of Fair value gain on Financial Liabilities	47	-	-	-	-	-	(83,804.27)	-	-	(83,804.27)
Balance as at 31st March, 2023		**1,12,869.05**	**(4,67,962.80)**	**101.00**	**-**	**(192.48)**	**-**	**1,549.64**	**0.05**	**(3,53,635.54)**

Note : An amount of ₹ 620 Lakhs (including Securities Premium of ₹ 520 Lakhs) was received by the Holding Company as 25% subscription money from two parties towards allotment of 40,00,000 Equity Share Warrants. On non-exercise of their option attached to the warrants for subscription of Equity Shares of the Holding Company, the Holding Company has forfeited the amount during the financial year 2019-20.

The above Consolidated Statement of Change in Equity should be read in conjunction with the accompanying note nos. 1 to 57.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place : Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN : 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Consolidated Statement of Cash Flows for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Cash flow from Operating Activities		
Profit/(Loss) before tax	**(2,20,102.59)**	**(12,077.35)**
Adjustments for		
Exceptional item	(2,390.24)	-
Depreciation	1,004.87	1,271.45
Finance Costs	1,93,863.72	5,092.53
Interest Income	(3,887.16)	(3,734.27)
Loss/(Profit) on Disposal of Property, Plant & Equipment (Net)	0.68	(80.99)
Goodwill Written off	1,162.64	
Provision/Allowance for Doubtful Debts	-	1,928.22
Provision for Expected Credit Loss on Trade Receivables and due from customers	14,193.46	(1,689.45)
Advances written off	-	385.72
Provision for Slow moving Stock	44.29	-
Remeasurements of post-employment benefit plans OCI	17.06	-
Liquidated Damages	6,349.88	-
Bad Debts Written Off	4,487.14	-
Provision/Liabilities no longer required written back	-	(674.00)
Provision for Warranty	-	(26.00)
Claim recoverable Written Off	841.35	-
Provision for Doubtful Debts against Claims Recoverable	-	846.82
Provision for Future Foreseeable Losses in Construction Contracts	(533.78)	(1,199.11)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	141.99	88.81
Foreign Currency Translation Reserve	10.51	-
Net (gain)/loss on financial assets measured at fair value through profit or loss	2.99	2.87
Change in Operating Assets and Liabilities:		
(Increase)/Decrease in Trade Receivables	258.80	10,597.92
(Increase)/Decrease in Inventories	5,346.85	3,835.18
Increase/(Decrease) in Trade Payables	(2,786.00)	(850.28)
Increase / (Decrease) in Employee Benefit Obligation	-	(647.00)
(Increase)/Decrease in Other Financial Assets	4,171.24	(8,937.83)
(Increase)/decrease in Other Non-current Assets	134.00	1.83
(Increase)/decrease in other Right to use assets	-	1,538.34
(Increase)/decrease in Other Current Assets	4,220.27	5,941.83
Increase/(decrease) in Provisions	(574.92)	(1.17)
Increase/ (decrease) in Other Financial Liabilities	(5,193.59)	(2,491.42)
Increase/ (decrease) in Other Liabilities	(630.64)	(3,264.04)
Increase/ (decrease) Unwinding of Interest	-	61.00
Cash generated from Operations	**152.84**	**(4,080.39)**
Income taxes (paid)/Refund	846.74	3,365.77
Net cash inflow / (outflow) from Operating Activities	**999.58**	**(714.62)**
Cash flows from Investing Activities		

Consolidated Statement of Cash Flows for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
Purchase of Property, Plant and Equipment	11,410.78	(70.19)
Proceeds from sale of Property, Plant and Equipment	-	266.71
Loss of Control	(12,609.94)	-
Deposits matured/(made)	128.98	39.24
Interest received	-	3,673.27
Net cash inflow / (outflow) from Investing Activities	**(1,070.17)**	**3,909.03**
Cash flows from Financing Activities		
Proceeds from borrowings	3,992.29	4,712.48
Repayment of borrowings	(3,000.17)	(2,963.04)
Lease Repayment	(275.66)	-
Interest paid	-	(5,092.53)
Finance Costs	(158.18)	-
Net cash inflow / (outflow) from Financing Activities	**558.27**	**(3,343.09)**
Net increase / (decrease) in Cash and Cash Equivalents	**487.68**	**(148.68)**
Cash and cash equivalents at the beginning of the year	4,502.27	3,823.23
Loss of Control	1,978.00	-
Adjustments of Opening Balances	-	827.26
Effects of exchange rate changes on Cash and Cash Equivalents	0.15	0.46
Cash and Cash Equivalents at end of the year	**3,012.10**	**4,502.27**
Reconciliation of Cash and Cash Equivalents as per the Statement of Cash Flows		
Cash and Cash Equivalents as per above comprise of the following		
Particulars	**Year ended 31st March, 2023**	**Year ended 31st March, 2022**
Cash and Cash Equivalents {Note 7(b)}	3,012.10	4,502.27
Adjustment of opening Balances	-	827.26
Balances per Statement of Cash Flows	**3,012.10**	**3,675.01**

Notes:

The Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying note nos. 1 to 57.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place : Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN : 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

Corporate Information

The Consolidated Financial Statements comprise of Financial Statements of “McNally Bharat Engineering Company Limited (“the Holding Company”) and its subsidiaries (collectively referred to as “the Group”)” for the year ended 31st March, 2023.

The Hon’ble National Company Law Tribunal (NCLT), Kolkata Bench vide order dated 29.04.2022 while admitting section 7 application under Insolvency and Bankruptcy Code, 2016 of one of the financial creditors, initiated Corporate Insolvency Resolution Process against the holding company.

CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was initially appointed as the Interim Resolution Professional in the said matter. Subsequently, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP) vide NCLT order dated 26.08.2022.

The CIRP under Insolvency and Bankruptcy Code,2016 is in progress.

This note provides a list of significant accounting policies adopted in the preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1: Significant Accounting Policies

(a) Basis of Preparation of Consolidated Financial Statements

(i) Compliance with Ind AS

The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Consolidated Financial Statements.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans – plan assets measured at fair value.
- Share-based Payments

(iii) Current versus Non Current Classification

All assets and liabilities have been classified as current or non - current as per the Group’s normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 12 to 24 months.

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Consolidated Financial Statements are continually evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(b) Segment Reporting

The Group is primarily engaged in two business segments viz. "Turnkey engineering" and "other engineering services". Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Chief Operating Officer and Chief Financial Officer for the purpose of resource allocation and assessing performance focuses separately on the aforesaid segment. The CODM reviews the Group's performance on the analysis of profit/(loss) before tax at each segment level. Accordingly, appropriate disclosure is made for reportable segments in accordance with Ind AS 108 "Operating Segments".

(c) Foreign Currencies

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other Income'. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Consolidated Statement of Profit and Loss.

(i) Functional Currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian rupee (INR), which is the Holding Company's functional currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Consolidated Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

The Group derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminum, Material Handling, Mineral Beneficiation, Pyroprocessing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. (together called as "turnkey solutions").

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable considerations) allocated to that performance obligation. The transaction price of goods and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as per the contract.

(i) Sale of Goods and Services

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Group's revenue and profit or loss. The Group has concluded that the revenue recognition to occur at a point in time when control of the

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

goods is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services be provided (percentage of completion method).

(ii) Revenue from Construction Contracts

Revenue from contracts are recognised with reference to the stage of completion method in accordance with Ind AS - 115. Obligations under the long term construction contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose, total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included as a liability as advances received. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

(iii) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Export Benefits

Export incentives are accounted for in the year in which the entitlements are realised.

(v) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating revenue.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used till the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in Equity. In such cases, the taxes are also recognised in Other Comprehensive Income or directly in Equity, as the case may be.

(f) Leases

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee (Assets taken on lease)

The Group recognizes a Right-of-use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. The Group recognizes lease liabilities to make lease payments and right- of-use assets representing the

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

right to use the underlying assets, if applicable. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that such options would be exercised.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

Lease liability is measured at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in statement of profit and loss.

Variable lease payments not included in the measurement of the lease liabilities are expensed to the statement of profit and loss in the period in which the events or those payments occur.

As a Lessor

Lease income from operating lease where the Group is a lessor is recognised in income. The respective leased assets are included in the Consolidated Balance Sheet based on their nature.

(g) Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash- generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, demand deposits with banks, other short-term deposits, highly liquid investments, if any, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(i) Trade Receivables

Trade receivables are recognized initially at the transaction price and subsequently recognized at amortised cost less provision for impairment.

(j) Inventories

Inventories consists of raw materials and components, stores and spares, loose tools which are valued at cost and work in progress and finished goods which are stated at lower of cost or net realizable value. Cost of inventories comprises cost of purchases. Cost of work in progress and finished goods comprise direct material, direct labour and an appropriate portion of variable and fixed overhead expenditure. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Cost of purchases in relation to inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Gains and losses are recognised in the Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(iii) De-recognition of financial liabilities:

A financial liability (or a part of financial liability) is de-recognised from Group's balance sheet when obligation specified in the contract is discharged or cancelled or expired.

(l) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss, and

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

- Those measured at amortized cost.
- Those to be measured subsequently at fair value through other comprehensive income, and

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Consolidated Statement of Profit and Loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Consolidated Statement of Profit and Loss. However, trade receivables that do not contain a significant financing component are measured at transaction price. Further, in respect of retention amount receivable from customers the management generally has intention to provide bank guarantee to get an instant release of retention amount from customers. Therefore, the retention amounts are generally carried at amortized cost less provision for impairment.

Investments in Subsidiaries and Joint Ventures are recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets". Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, joint venture and Associates the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(a) Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(b) Equity instruments at Fair value through Profit or loss (FVTPL) - The Group subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/ (losses) in the Consolidated Statement of Profit and Loss. The Group has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of Financial Assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Group provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the Group operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

For trade receivables and due from customers, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(m) Derivatives that are not designated as hedges

Derivatives are initially recognsied at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

i. it is probable that future economic benefits associated with the item will flow to the entity; and

ii. the cost of an item can be measured reliably.

All items of Property, Plant and Equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the Group intends to use these during more than a period of 12 months.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Class of Assets	Useful Lives as followed by the management
Plant and Machinery	3 to 20 years

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the Consolidated Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other gains/ losses.

(p) Investment Properties

Property that is held for long term rental yields or for capital appreciation or both, and is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to Statement of Profit and Loss during the reporting period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced cost is derecognized.

Investment properties are depreciated using straight line method over the estimated useful lives.

On transition to Ind AS, the group has elected to continue with the carrying value of its investment properties measured at the previous GAAP and use that carrying value as the deemed cost of investment properties.

(q) Intangible Assets

Intangible Assets are stated at cost of acquisition net of accumulated amortisation and accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

On transition to Ind AS, the Group has elected to continue with the carrying value of its intangible assets measured at the previous GAAP and use that carrying value as the deemed cost of intangible assets.

(i) Computer Software

Costs incurred on computer software resulting in future economic benefits are capitalized as Intangible Assets.

Intangible Assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining software programs are recognised as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortised from the point at which the asset is available for use.

(ii) Research and Development

Expenditure on Research and Development that does not meet the criteria laid out in the standard are recognized as expenses as and when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent period.

Development costs are recognised as intangible assets when the following criteria are met:

1. it is technically feasible to complete the intangible asset so that it will be available for use
2. management intends to complete the intangible asset and use or sell it
3. there is an ability to use or sell the intangible asset
4. it can be demonstrated how the intangible asset will generate probable future economic benefits
5. adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
6. the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

(iii) Amortisation methods and periods

Computer software are amortized on a straight line basis over a period of three years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other gains/ losses.

(iv) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of borrowings using the effective interest method.

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these Preference Shares are recognized in the Consolidated Statement of Profit and Loss as finance costs.

Borrowings are derecognised from the Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Consolidated Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost.

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre – tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

The increase in the provision due to the passage of time is recognised as interest expense in the Consolidated Statement of Profit and Loss.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or amount of the obligation cannot be measured with sufficient reliability.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

Provision for warranty

The estimated liability for warranty is recorded when products are sold. These estimates are established using historical information of previous 18 months' sales on an average, management estimates regarding possible future incidence based on corrective actions on product failure.

(v) Employee Benefits

(i) Short – term Obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 12 months after the year end and non - monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the Consolidated Balance Sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

Employees' State Insurance Scheme: Contribution to Central Government of India administered Employees' State Insurance Scheme for eligible employees is recognized as charge in the Consolidated Statement of Profit and Loss in the year in which they are accrued.

(ii) Other Long Term Employee Benefit Obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the Projected Unit Credit Method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Consolidated Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

The obligations are presented as current liabilities in the Consolidated Balance Sheet if the entity does not have an unconditional right to defer settlement for at least the operating cycle after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Defined Benefit Plans

The Group operates defined benefit plans such as Gratuity, Post - employment medical obligations and Provident Fund (administered by independent Trust).

Notes forming part of the Consolidated Financial Statements

The Group provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. The gratuity fund is administered by independent Trustees. Plan assets are managed by Life Insurance Corporation of India (LICI).

The Group provides for post – retirement medical benefits to eligible retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The Group has a provident fund benefit plan which is administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall, it is categorized as a defined benefit plan.

The liability or asset recognized in the Consolidated Balance Sheet in respect of the above defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

- **Superannuation Fund**

  This is the defined contribution plan. The Group contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Group has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

- **Gratuity**

  This is a defined benefit plan. The schemes, which are funded with Life Insurance Corporation of India (LIC), are administered by independent trusts. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method.

  The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

  The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Consolidated Statement of Profit and Loss.

  Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

  Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.

- **Bonus plans**

  The Group recognizes a liability and an expense for bonus. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(w) Non- Current Assets held for sale.

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

a. The appropriate level of management is committed to a plan to sell the asset (or disposal group),

b. An active programme to locate a buyer and complete the plan has been initiated (if applicable),

c. The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

e. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current Assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less cost to sell. Assets and liabilities classified as held for sale are presented separately in the Balance Sheet.

(x) Other Assets held for sale

Any other asset (tangible or intangible) held for sale is disclosed separately in Financial Statements, as appropriate. PPE and Intangible Assets once classified as held for sale are not depreciated or amortised.

(y) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether the equity instruments or assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of acquired business;
- Equity interests issued by group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

(z) Exceptional items

When items of income and expenses within the statement of profit and loss from ordinary activities are of such size, nature and/or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.

(aa) Contributed Equity

Equity Shares are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against Securities Premium Reserve.

(ab) Dividends Payment

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(ac) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

- Profit/ (Loss) attributable to equity shareholders of the Group
- By the weighted average number of Equity Shares outstanding during the financial year.

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in their determination of basic earnings per share to take into account

- Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and
- The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

(ad) Principles of consolidation and Equity Accounting

- Subsidiaries

Subsidiaries are all entities over which the Holding Company has control. The Holding Company controls an entity when it is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. They are deconsolidated from the date that control ceases.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the reporting period. Any exchange difference arising on consolidation is recognised in Foreign Currency Translation Reserve.

The unaudited financial statements of foreign subsidiaries, its associates and joint venture have been prepared in accordance with Generally Accepted Accounting Policies of its Country of Incorporation.

The acquisition method of accounting is used to account for business combination.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

The Holding Company combines the financial statements of itself and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

- **Joint Arrangements**

Under Ind AS 111 Joint arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Holding Company has a joint venture. The Financial Statements of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

(ae) Recent pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, the effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Rules are stated below:

Ind AS 1 - Presentation of Financial Statements -

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Consolidated financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors -

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

Ind AS 12 - Income Taxes -

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

Ind AS 107 - Financial Instruments Disclosures -

This amendment has made an addition which says that "Information about the measurement basis for financial instruments used in preparing the financial statements is material accounting policy information and is to be disclosed." The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

(af) Rounding off amounts

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest lakhs (with two places of decimal) as per the requirement of Schedule III to the Act, unless otherwise stated.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies requires critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated Financial Statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Consolidated Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

In the process of applying the Group's accounting policies, management has made the following estimates, judgements and assumptions which have the significant effect on the amounts recognized in the Consolidated Financial Statements:

1. Going Concern Assumptions
2. Expected cost of completion of Contracts.
3. Fair value measurement of Financial Instruments.
4. Recognition of Deferred Tax Assets for carried forward tax losses
5. Impairment of Trade Receivables and Due from Customers
6. Provisions, Claims and Contingent Liabilities
7. Estimation of Defined Benefits Obligation
8. Useful life of Property, Plant and Equipment
9. Decommissioning Obligations

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 3: Property, Plant and Equipment

Particulars	Freehold Land	Leasehold Land	Building	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total	Capital Work-in-progress	Right to Use Assets
1st April, 2022										
Gross Block										
Opening Gross Block	289.00	2,533.69	13,367.40	18,970.18	1,047.44	426.96	126.97	36,761.64	482.62	447.70
Additions	-	-	-	-	0.09	0.05	-	0.14	-	-
Disposals/Adjustments	(289.00)	(2,533.69)	(13,367.40)	(9,204.90)	(369.20)	(317.04)	(82.33)	(26,163.56)	(20.00)	(252.76)
Closing Gross Block	**-**	**-**	**-**	**9,765.28**	**678.33**	**109.97**	**44.64**	**10,598.22**	**462.62**	**194.94**
Accumulated Depreciation										
Opening Accumulated Depreciation	40.00	282.87	5,182.97	16,369.39	980.56	372.22	100.10	23,288.51	-	108.25
Depreciation charge during the year	-	-	388.52	447.20	22.51	13.11	7.60	878.94	-	122.55
Disposals/Adjustments	(0.40)	(282.87)	(5,571.49)	(8,650.09)	(358.97)	(308.43)	(67.81)	(15,240.06)	-	(133.33)
Closing Accumulated Depreciation	**-**	**-**	**-**	**8,166.50**	**644.10**	**76.90**	**39.89**	**8,927.39**	**-**	**97.47**
Net Block as at 31st March, 2023	**-**	**-**	**-**	**1,598.78**	**34.23**	**33.07**	**4.75**	**1,670.83**	**462.62**	**97.47**
1st April, 2021										
Gross Block										
Opening Block	289.00	2,529.69	13,365.40	19,182.28	1,071.52	447.56	129.70	37,015.15	483.51	2,390.40
Additions	-	-	-	54.04	1.25	9.95	-	65.25	-	194.94
Disposals/ Adjustments	-	4.00	2.00	(266.14)	(25.33)	(30.55)	(2.73)	(318.74)	(0.89)	(2,137.64)
Closing Gross Block	**289.00**	**2,533.69**	**13,367.40**	**18,970.18**	**1,047.44**	**426.96**	**126.97**	**36,761.66**	**482.62**	**447.70**
Accumulated Depreciation										
Opening Accumulated Depreciation	0.40	272.34	4,749.02	15,884.45	926.86	397.94	92.24	22,323.25	-	347.12
Depreciation charge during the year	-	20.70	430.08	574.90	48.66	15.41	8.90	1,098.66	-	168.98
Disposals/ Adjustments	-	(10.17)	3.87	-89.96	5.04	(41.13)	(1.04)	(133.40)	-	(407.85)
Closing Accumulated Depreciation	**0.40**	**282.87**	**5,182.97**	**16,369.39**	**980.56**	**372.22**	**100.10**	**23,288.51**	**-**	**108.25**
Net Block as at 31st March, 2022	**288.60**	**2,250.82**	**8,184.43**	**2,600.79**	**66.88**	**54.74**	**26.87**	**13,473.15**	**482.62**	**339.45**

(i) Property, Plant and Equipment pledged as security

Refer to note 39 on Property, Plant and Equipment and Capital Work-in-progress pledged as security by the Group.

(ii) Capital Commitments

Refer to note 29 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

(iii) Capital work-in-Progress ageing Schedule for the year ended 31st March, 2023 & 31st March, 2022

Capital Work-in-Progress	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Year	2-3 Year	More than 3Year	Total
31st March 2023					
Projects temporarily suspended	-	-	-	462.62	462.62
31st March 2022					
Projects temporarily suspended	-	-	-	482.62	482.62

The Projects are under dispute, hence temporarily suspended for completion.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 4: Investment Property [Leasehold Land]

Particulars	31st March, 2023	31st March, 2022
Gross Block		
Opening Block	397.42	397.42
Disposals / Adjustments	(397.42)	-
Closing Gross Block	**-**	**397.42**
Accumulated Depreciation		
Opening Balance	42.00	39.00
For the Year	-	3.00
Adjustments	(42.00)	
Closing Accumulated Depreciation	**-**	**42.00**
Net Block	**-**	**355.42**

Particulars	31st March, 2023	31st March, 2022
Investment Property @ Fair Value	-	2,250.00

Note 5: Intangible Assets

Particulars	Designs and Drawings	Computer Software *	Total	Goodwill on Consolidation
1st April, 2022				
Gross Block				
Opening Gross Carrying Amount	**320.56**	**102.66**	**423.22**	**1,162.64**
Additions	-	10.50	10.50	-
Adjustments	(320.56)	(35.13)	(355.69)	(1,162.64)
Closing Gross Block	**-**	**78.03**	**78.03**	**-**
Accumulated Amortisation				
Opening Accumulated Amortisation	320.56	49.51	370.07	-
Amortisation for the year	-	3.37	3.37	-
Adjustments	(320.56)	(31.39)	(351.95)	-
Closing Accumulated Amortisation	**-**	**21.49**	**21.49**	**-**
Closing Net Block as at 31st March, 2023	**-**	**56.54**	**56.54**	**-**
1st April, 2021				
Gross Block				
Opening Block	**320.56**	**99.66**	**420.22**	**1,162.64**
Additions	-	5.00	5.00	-
Adjustments	-	(2.00)	(2.00)	-
Closing Gross Block	**320.56**	**102.66**	**423.22**	**1,162.64**
Accumulated Amortisation				
Opening Accumulated Amortisation	320.56	48.34	368.90	-
Amortisation for the year	-	1.17	1.17	-
Adjustments	-	-	-	-
Closing Accumulated Amortisation	**320.56**	**49.51**	**370.07**	**-**
Closing Net Block as at 31st March, 2022	**-**	**53.15**	**53.15**	**1,162.64**

* Computer software consists of other than internally generated intangible asset.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 6: Non-Current Investments

Particulars	As at 31st March, 2023	As at 31st March, 2022
Investments in Equity Instruments (fully paid-up)		
Equity Instruments carried at Fair Value Through Profit or Loss		
Quoted		
10,960 (31st March, 2022 : 10,960) Equity Shares of ₹ 5/- each of Eveready Industries India Limited	31.66	36.71
10,960 (31st March, 2022 : 10,960) Equity Shares of ₹ 5/- each of McLeod Russel India Limited	1.86	2.51
Total (Equity Instruments)	**33.52**	**39.22**
Investment in Mutual Funds carried at fair value through profit or loss	81.33	78.62
Unquoted		
362,970.078 (31st March, 2022 : 362,970.078) units of L&T Short Term Opportunities Growth Fund		
Total (Mutual Funds)	**81.33**	**78.62**
Total	**114.85**	**117.84**
Total Non-current Investments	**114.85**	**117.84**
Aggregate amount of quoted investments and market value thereof	33.52	39.22
Aggregate amount of unquoted investments	81.33	78.62

(i) Investments pledged as security

Refer note 39 for Investments pledged as security by the group.

Note 7(a): Trade Receivables

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured		
Trade Receivables - Considered good	95,933.07	1,08,005.27
Trade Receivables - Credit impaired	23,505.19	27,027.54
	1,19,438.26	1,35,032.81
Less: Allowance for Doubtful Receivables and Expected Credit loss	44,144.53	34,841.58
Total Trade Receivables	**75,293.73**	**1,00,191.23**
Current	75,293.73	99,252.23
Non-current $	-	939.00

$ Represents retention amount receivable beyond one year from reporting date.

Refer Note 28 and 51

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Trade Receivables Ageing Schedule as at 31.03.2023

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Receivables - Considered Good	1,257.72	3,579.86	3,005.00	2,204.67	3,581.17	41,035.41	54,663.83
Undisputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Receivables - Credit Impaired	-	-	-	-	-	23,505.19	23,505.19
Disputed Receivables - Considered Good	-	66.46	1.15	25.52	47.46	41,128.66	41,269.25
Disputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Receivables - Credit Impaired	-	-	-	-	-	-	-
Total Receivables	1,257.72	3,646.32	3,006.15	2,230.19	3,628.63	1,05,669.26	1,19,438.27
Less: Allowance for Doubtful trade receivables (including ECL)							44,144.53
Net Total Receivables							**75,293.73**

Trade Receivables Ageing Schedule as at 31.03.2022

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Receivables - Considered Good	1,814.29	6,555.60	2,383.31	7,698.03	11,400.80	34,475.69	64,327.72
Undisputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Receivables - Credit Impaired	-	2.16	5.56	359.97	216.79	26,070.87	26,655.35
Less Allowance for Doubtful trade receivables	-	-	-	-	-	-	-
Disputed Receivables - Considered Good	-	-	-	97.49	7,656.94	35,923.13	43,677.55
Disputed Receivables - Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Receivables - Credit Impaired	-	-	-	-	-	372.19	372.19
Less Allowance for Doubtful trade receivables	-	-	-	-	-	-	-
Total Receivables	1,814.29	6,557.76	2,388.87	8,155.49	19,274.53	96,841.88	1,35,032.81
Less Allowance for Doubtful trade receivables (including ECL)							34,841.58
Net Total Receivables							**1,00,191.23**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 7(b): Cash and Cash Equivalents

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Banks		
- in Current Accounts*	2,012.63	3,472.71
- in Cash Credit Accounts	-	6.48
Cash on hand	1.11	3.20
Bank deposits with maturity less than 3 months	998.36	1,019.88
Total Cash and Cash Equivalents	**3,012.10**	**4,502.27**
Other Bank Balances	11.37	116.00
Earmarked balances with banks *		
Total other bank balances	**11.37**	**116.00**

* The above figures are subject to balance confirmation

Note 7(c): Loans (Current)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured	1,828.12	1,852.46
Loan to others considered good		
Total Loans	**1,828.12**	**1,852.46**

Note 7(d): Other Financial Assets

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Earmarked Balances with bank *	5.04	-	209.58	-
Security Deposits **	-	1,272.89	10.00	1,484.27
Deposit with Joint Venture	-	4,149.09	-	4,149.09
Advance to Employees	-	0.40	-	3.17
Due from customers	-	1,366.86	-	3,009.21
Balance with Govt/Amount recoverable from Govt	-	-	-	34.00
Earnest Money deposit	-	-	66.00	-
Claims Recoverable	-	27,514.52	-	28,109.00
Other Receivables	15.46	17.38	499.00	111.77
Less: Allowance for doubtful receivables	-	-	-	(81.67)
Total Other Financial Assets	**20.50**	**34,321.14**	**784.58**	**36,818.85**

*The above figure is subject to balance confirmation.

** It includes ₹ 552 Lakhs fixed deposit in the name of Delhi High Court as per direction of court order against arbitration case.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 8: Deferred Tax Assets (Net)

(A) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Deferred Tax Assets on account of:		
Tax losses	51,540.39	57,589.94
Depreciation of Property, Plant and Equipment	166.21	350.55
Total Deferred Tax Assets	**51,706.60**	**57,940.49**

The Group had recognised Deferred Tax Assets amounting to ₹ 51,706.60 Lakhs upto 31st March, 2018. The Group believes that after the NCLT process there will be adequate future taxable profits available to it against which the Deferred Tax Assets can be utilised.

Note 9: Other Non-Current Assets (Unsecured, considered good)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Prepaid Rent	-	0.59
Balance with Statutory/Government Authorities	-	76.00
Others	-	57.41
Total Other Non-Current Assets	**-**	**134.00**

Note 10: Inventories

Particulars	As at 31st March, 2023	As at 31st March, 2022
Raw Materials *	74.68	2,241.30
Loose Tools	-	34.00
Work-in-Progress *	-	2,811.52
Stores and Spares	-	379.00
Total Inventories	**74.68**	**5,465.82**

During the year, the Holding Company has written down the value of inventory by ₹ 44.29 Lakhs towards slow moving, non moving and obsolete inventory.

*Amount of written down value of inventories carried at NRV and recognised as Exceptional item ₹ 3,075 Lakhs in previous year.

Note 11(a): Current Tax Assets (net)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance Income Tax	234.73	1,101.67
(net of provisions ₹ 393.24 Lakhs, Previous Year ₹ 3,972.21 Lakhs)		
Total Current Tax Assets (net)	**234.73**	**1,101.67**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 11(b): Other Current Assets (Unsecured, considered good)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance to suppliers & others *	25,257.38	27,983.14
Less: Allowance for doubtful advances	-	(33.76)
Balance with statutory/government authorities **	15,356.24	16,267.42
Gratuity Receivable @	-	50.79
Prepaid Expenses	232.58	591.61
Others	-	137.13
Total Other Current Assets	**40,846.20**	**44,996.32**

* Balances shown are subject to confirmation and reconciliation with respective parties

** It includes GST Input Tax Credit ₹ 130.14 Lakhs blocked by department in earlier years.

@ Gratuity Actuarial Valuation - Fair Value of plan assets is more than present value of obligation.

Note 12: Equity Share Capital and Other Equity

Note 12(a): Equity Share Capital

Particulars	Equity Shares		Compulsorily Convertible Preference Shares(CCPS)	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at 31st March, 2021	24,00,00,000	24,000	14,00,00,000	14,000
As at 31st March, 2022	24,00,00,000	24,000	14,00,00,000	14,000
As at 31st March, 2023	**24,00,00,000**	**24,000**	**14,00,00,000**	**14,000**
Issued, Subscribed and Paid up:				
(i) Movements in Share Capital				
As at 31st March, 2021	21,15,70,757	21,158	-	-
As at 31st March, 2022	21,15,70,757	21,158	-	-
As at 31st March, 2023	**21,15,70,757**	**21,158**	**-**	**-**

i) Terms and Rights attached to Equity Shares:

Each Equity Share has a par value of ₹10/-. It entitles the holder to receive dividends, and to a share upon liquidation of the company in proportion to the number of shares held and amounts paid thereon. Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Terms and Rights attached to Compulsorily Convertible Preference Shares(CCPS):

Each CCPS is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment.

CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the Company.

The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid.

Each CCPS would carry a dividend of 1% which would be non cumulative.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

ii) Details of shareholders holding more than 5% of the aggregate Equity Shares in the Company:

Name of the Shareholder	31st March, 2023		31st March, 2022	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co Limited	2,23,18,952	10.55	2,23,18,952	10.55
Williamson Financial Services Limited	1,92,14,753	9.08	1,92,14,753	9.08
Babcock Borsig Limited	1,36,64,636	6.46	1,36,64,636	6.46
Sahal Business Private Limited	1,74,47,637	8.25	1,74,47,637	8.25
IL&FS Financial Services Limited	1,61,29,000	7.62	1,61,29,000	7.62
Aditya Birla Finance Limited	1,12,90,000	5.34	1,12,90,000	5.34

Shares held by promoters at the end of the year

Promoter Name	31st March, 2023		31st March, 2022		% Change during the year
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
Williamson Magor & Co Limited	2,23,18,952	10.55	2,23,18,952	10.55	-
Williamson Financial Services Limited	1,92,14,753	9.08	1,92,14,753	9.08	-
Babcock Borsig Limited	1,36,64,636	6.46	1,36,64,636	6.46	-
EMC Limited	1,01,37,689	4.79	1,01,37,689	4.79	-
Mcleod Russel India Limited	30,52,295	1.44	30,52,295	1.44	-
Kilburn Engineering Limited	8,54,300	0.40	8,54,300	0.40	-
Bishnauth Investments Limited	99,400.00	0.05	99,400.00	0.05	-
Isha Khaitan	24,000.00	0.01	24,000.00	0.01	-
Amritanshu Khaitan	8,000.00	-	8,000.00	-	-
B M Khaitan*	21.00	-	21.00	-	-
Total	**6,93,74,046**		**6,93,74,046**		

* He expired on 1st june 2019 but the Holding Company has not received transmission request yet.

Note 12(b): Other Equity

Particulars	As at 31st March, 2023	As at 31st March, 2022
General Reserve	1,549.64	1,766.63
Retained Earnings	(4,67,962.81)	(2,37,147.21)
Securities Premium	1,12,869.05	1,12,869.05
Capital Reserve	-	344.28
Capital Redemption Reserve	101.00	101.00
Foreign Currency Translation Reserve	(192.48)	(202.99)
Other Reserves	-	83,804.27
Total Reserves and Surplus	**(3,53,635.60)**	**(38,464.98)**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) General Reserve

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	1,766.63	1,766.63
Change in Controlling Interest	(216.99)	-
Closing balance	**1,549.64**	**1,766.63**

(ii) Retained Earnings

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	(2,37,147.21)	(2,25,990.45)
Net profit /(loss) for the year	(2,27,060.38)	(11,254.61)
Items of OCI directly transferred to retained earnings	(17.06)	71.34
Adjustment for change in ownership interest	(3,738.16)	26.50
Closing balance	**(4,67,962.81)**	**(2,37,147.21)**

(iii) Securities Premium

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	1,12,869.05	1,12,869.05
Closing balance	**1,12,869.05**	**1,12,869.05**

(iv) Capital Reserve

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	344.28	344.28
Change in Controlling Interest	(344.28)	-
Closing balance	**-**	**344.28**

(v) Capital Redemption Reserve

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	101.00	101.00
Closing balance	**101.00**	**101.00**

(vi) Foreign Currency Translation Reserve

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	(202.99)	(123.17)
Effects of exchange rate changes on Consolidation	10.51	(79.82)
Closing balance	**(192.48)**	**(202.99)**

(vii) Other Reserves

Particulars	As at 31st March, 2023	As at 31st March, 2022
As per last Financial Statement	83,804.27	85,148.70
Reversal of Fair value gain on Financial Liabilities (refer note 47)	(83,804.27)	(1,344.43)
Closing balance	**-**	**83,804.27**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023 (All amounts are in ₹ Lakhs, unless otherwise stated)

Nature and purpose:

(i) General Reserve

The reserve is a part of retained earnings. This is available for distribution to the shareholders as a part of free reserve.

(ii) Retained Earnings

This reserve represents the cumulative profits/losses of the Group and can be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) Securities Premium

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Capital Reserve

Represents the amount transferred from the transferor company pursuant to Scheme of Amalgamation.

(v) Capital Redemption Reserve

The reserve is a non distributable reserve. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(vi) Foreign Currency Translation Reserve

Represents reserve created on account of consolidation of foreign subsidiary.

(vii) Other Reserves

In earlier years, the Holding Company had recognised fair valuation gain of ₹ 83,804.25 Lakhs on account of deferred repayment of Inter Corporate Deposit from Seajuli Developers & Finance Limited ("SDFL") and Woodside Parks Limited ("WPL "). Under CIRP, both the companies have submitted their financial claims to RP. RP has admitted such claims and as such the Company has reversed its fair valuation gain.

Note 13: Financial Liabilities

Note 13(a): Non-current Borrowings

Particulars	Coupon/ Interest rate	As at 31st March , 2023	As at 31st March , 2022
Secured			
Foreign currency loan - from banks (Refer Note B below)	6 month LIBOR+4.15%	544.54	502.04
From Others			
9,75,000, 11.50% Non-Convertible Redeemable Cumulative Preference Shares (Refer Note A below)	11.50%	5,451.43	5,451.43
Unsecured			
From Others		115.00	-
Inter-Corporate deposits (Refer Note No 47)	0.00%	-	14,788.69
Total Non-current Borrowings		**6,110.97**	**20,742.16**
Less: Liability for Redeemable Preference Shares (included in note 13(e))		5,451.43	5,451.43
Less: Reclassified to Current Borrowings (note 13(b))		544.54	502.04
Non-current Borrowings		**115.00**	**14,788.69**

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

(i) Non-Convertible Redeemable Cumulative Preference Shares were redeemable by the Holding Company in 8 equal quarterly instalments commencing from 5th June, 2018 and the last installment payable was on 5th March, 2020 which has been on default as on the date of approval of these Consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

B. External Commercial Borrowing from ICICI Bank Limited

(ii) Terms of repayment:

Loan having a balance outstanding of USD 6.60 lakhs, the last instalment date whereof was due on 23rd December, 2018 has been defaulted by the Holding Company as on the date of approval of these Consolidated Financial Statements.

(iii) Security details

Refer Note 39 for details of assets charged as security against these borrowings.

Details of loan	Nature of Security
External Commercial Borrowings from ICICI Bank Limited	First Charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility.

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank Limited by the Holding Company for the year ended 31st March, 2023 is Nil and for the year ended 31st March, 2022 is ₹ 80.32 Lakhs. (Refer Note 49)

Details of default by the Holding Company in respect of Borrowings included in Other financial Liabilities are as under:

Name of the Shareholder/Lender	Amount of Default	Remarks
Various Preference Shareholders	5,899.93	**Amount of default persisting as on the date of approval of these Consolidated Financial Statements**

Note 13(b): Current Borrowings

Particulars	Coupon/ Interest rate	As at 31st March, 2023	As at 31st March, 2022
Loans repayable on demand			
Secured			
From banks (Refer Note(i))			
Cash credit from banks	12.05% to 18.75%	1,85,617.09	1,98,741.46
Working capital demand loans from banks	12.5% to 13.50%	16,076.31	16,076.30
Current maturities of long term debt		544.54	3,857.04
Unsecured			
Inter Corporate Deposit (Refer Note No. 47)	15% to 18%	1,08,086.58	6,675.97
Total Current Borrowings		**3,10,324.52**	**2,25,350.76**
Current Borrowings		**3,10,324.52**	**2,25,350.76**

(i) Details of loans	Nature of Security
Cash Credit facility from consortium of banks and Working capital demand loans from banks.	A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/leasing, book debts and other movable assets, both present and future. Charge on fixed assets on subservient basis except ICICI to the extent of term loan. The Working Capital Demand Loans have been guaranteed by one of the directors to the tune of ₹ 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private limited are pledged for working capital Demand loans.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Details of default in respect of Current Borrowings of the Holding Company are as follow

Name of the lender	Amount of Default	Remarks
	Principal	
Indian Bank - Cash Credit	8,358.77	Amount of default persisting as on the date of approval of these Consolidated Financial Statements
Axis Bank Limited - Cash Credit	21,788.79	
Bank of Baroda - Cash Credit	4,102.18	
Bank of India - Cash Credit	45,494.21	
Canara Bank - Cash Credit	2,346.80	
DCB Bank- Cash Credit	280.57	
ICICI Bank - Cash Credit	18,047.67	
IDBI Bank - Cash Credit	17,552.96	
Karur Vysya Bank - Cash Credit	8,427.14	
Lakshmi Vilas Bank - Cash Credit	96.06	
Oriental Bank of Commerce Bank - Cash Credit	1,079.00	
Punjab National Bank - Cash Credit	14,903.72	
Standard Chartered Bank- Cash Credit	2,317.28	
State Bank Of India - Cash Credit	25,001.29	
UCO Bank - Cash Credit	567.79	
Union Bank - Cash Credit	15,199.12	
United Bank of India - Cash Credit	53.73	
Cash Credit Total Default	**1,85,617.09**	
Axis Bank Limited - Working Capital Demand Loan	12,660.41	
Standard Chartered Bank- Working Capital Demand Loan	3,415.90	
ICICI Bank - ECB Loan*	544.54	
Working Capital Demand Loan Total Default	**16,620.85**	
Inter-Corporate Borrowings Total Default	**1,08,086.58**	

* Including exchange fluctuation during the year of ₹ 42,50 lakhs

Note 13(c): Lease Obligation

Particulars	As at 31st March , 2023		As at 31st March , 2022	
	Non Current	Current	Non Current	Current
Lease Obligation	24.22	87.60	257.88	129.60
Total Lease Obligation	**24.22**	**87.60**	**257.88**	**129.60**

Note 13(d): Trade Payables

Particulars	As at 31st March , 2023	As at 31st March , 2022
Trade Payables due to Micro, Small and Medium enterprises (Refer note 32)	184.22	540.96
Trade Payables other than Micro, Small and Medium enterprises	22,893.20	25,322.35
Total Trade Payables	**23,077.42**	**25,863.31**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Trade payables Ageing Schedule as at 31.03.2023

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	-	11.86	11.66	3.40	123.48	150.39
Others	-	4,424.01	1,762.45	2,054.84	13,791.05	22,032.35
Disputed Dues - MSME	-	-	3.53	1.92	28.37	33.83
Disputed Dues - Others	-	-	3.25	13.17	844.43	860.85

Trade payables Ageing Schedule as at 31.03.2022

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
MSME	10.00	104.45	229.27	14.07	120.50	478.29
Others	-	6,886.25	4,310.51	3,523.01	9,658.75	24,378.53
Disputed Dues - MSME	-	10.17	1.92	0.04	50.53	62.67
Disputed Dues - Others	-	30.09	13.17	8.21	892.35	943.82

Note 13(e): Other financial liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Interest accrued on borrowings and others (Refer Note 49)	1,91,569.18	4,830.15
Liabillty for Redeemable Preference Shares	5,451.43	5,451.43
Capital Creditors	-	13.00
Employee Benefits Payable	660.86	1,096.03
Security Deposits	90.29	90.29
Dividend Accrued on Preference Shares	448.50	448.50
Liabilities for Expenses	-	726.43
Others	4,892.34	224.14
Total Other Current Financial Liabilities	**2,03,112.60**	**12,879.97**

Note 14: Provisions

Particulars	As at 31st March , 2023		As at 31st March , 2022	
	Non-current	Current	Non-current	Current
Provisions				
-Warranty	-	-	-	68.00
-Anticipated loss on contracts	-	-	145.00	-
-Decommissioning obligations	-	75.30	-	75.30
-Gratuity	26.10	5.55	328.98	68.04
-Others	232.96	11.47	221.37	19.61
Total Provisions	**259.06**	**92.32**	**695.34**	**230.95**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Movements in provisions

Movements in decommissioning obligation during the financial year, are set out below:

Particulars	Warranty	Anticipated loss on contracts	Decommissioning Obligations
As at 31st March, 2021	**86.06**	**145.10**	**75.30**
Charged/(credited) to Consolidated Statement of Profit and Loss			
- additions/Adjustment	12.94	-	-
- amount used	31.00	-	-
As at 31st March, 2022	**68.00**	**145.10**	**75.30**
Charged/(credited) to Consolidated Statement of Profit and Loss			
- additions/Adjustment (Note 52)	(68.00)	(145.10)	-
As at 31st March, 2023	**-**	**-**	**75.30**

(ii) Leave Obligations

In the Holding Company, at present, there is no accumulation of leaves which is encashable in future years.

(iii) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the Consolidated Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2022	**895.54**	**549.32**	**346.22**
Current service cost	24.69	-	24.69
Interest expense/(income)	23.49	20.05	3.44
Total amount recognised in Profit and Loss	**48.18**	**20.05**	**28.13**
Remeasurements			
- Return on plan assets	-	10.94	10.94
- Due to financial assumptions	(4.85)	-	(4.85)
- Due to experience adjustments	2.95	-	2.95
Total amount recognised in Other Comprehensive Income	**(1.90)**	**(10.94)**	**9.04**
Employer contributions	-	33.54	(33.54)
Benefit payments	(74.32)	(74.32)	-
Other Adjustments (Refer Note 51)	(564.74)	(246.54)	(318.20)
31st March , 2023	**302.76**	**271.11**	**31.65**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2021	**990.48**	**545.86**	**444.62**
Current service cost	66.34	-	66.34
Interest expense/(income)	68.17	36.10	32.07
Total amount recognised in Profit and Loss	**134.51**	**36.10**	**98.41**
Remeasurements			
- Return on plan assets	-	(7.53)	7.53
- Due to financial assumptions	(0.39)	-	(0.39)
- Due to experience adjustments	(84.93)	-	(84.93)
Total amount recognised in Other Comprehensive Income	**(85.32)**	**(7.53)**	**(77.79)**
Employer contributions	-	118.99	(118.99)
Benefit payments	(144.11)	(144.10)	(0.01)
31st March, 2022	**895.54**	**549.32**	**346.22**

The net liability disclosed above relates to funded plan.

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Present value of funded obligations	302.76	895.54
Fair value of plan assets	271.11	549.32
Deficit of funded plans	31.65	346.22

The significant actuarial assumptions used were as follows:

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Discount rate	7.40%	7.10%
Salary escalation	4.00%	4.00 - 6.00%
Expected return on plan assets	7.40%	7.10%
Withdrawal rate	1.00-8.00%	1.00-8.00%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2012-14) ultimate	

The sensitivity of defined benefit obligations to changes in the weighted principal assumptions is:

Assumption	Increase/ (decrease)	Assumption Rate	Amount of change in defined benefit obligations as at 31st March , 2023
Base scenerio	-	-	302.75
Discount rate	Increase by	1%	287.11
Discount rate	Decrease by	1%	321.60
Salary escalation	Increase by	1%	322.57
Salary escalation	Decrease by	1%	286.06
Withdrawal rate	Increase by	1%	306.94
Withdrawal rate	Decrease by	1%	299.53

The above sensitivity analyses are based on reasonably possible changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023 (All amounts are in ₹ Lakhs, unless otherwise stated)

reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets under perform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

Year	As at 31st March, 2023	As at 31st March, 2022
Less than a year	53.10	92.00
Between 1 to 2 years	28.22	85.93
Between 2 to 5 years	113.88	310.75
More than 5 years	107.56	521.18

The weighted average duration of the defined benefit obligation is 4.67 years (31st March, 2022 - 5.58 years).

The contribution expected to the fund by the Group during the year 2023-34 would be ₹ 30.04 Lakhs.

(iv) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at 31st March, 2023 and 31st March, 2022.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	As at 31st March, 2023	As at 31st March, 2022
Discount rate	7.49%	7.15%
Guaranteed interest rate	8.15%	8.10%
Expected average remaining working life (in years)	11.51	10.99

The Group contributed ₹ 99.50 lakhs and ₹ 225.62 lakhs during the year ended 31st March, 2023 and 31st March 31, 2022, respectively, and the same has been recognised in the Consolidated Statement of Profit and Loss under the head employee benefit expenses.

Risks arising from defined benefit obligations

The defined benefit obligation plans typically expose the group to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.
Longevity risk:	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Salary risk	The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

Note 15: Other Liabilities

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advance from customers		
From Joint Venture	1,534.24	
From Others	2,918.20	4,814.26
Statutory Tax Payables	483.47	748.02
Dividend Distribution Tax on preference dividend	91.76	91.76
Benevolent fund	109.04	113.04
Others	0.50	0.77
Total Other Liabilities	**5,137.21**	**5,767.85**

Note 16: Revenue from Operations

The Group derives the following types of revenue:

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Contract Revenue and Sale of Equipment	37,114.67	40,757.10
Sale of Services	761.57	790.00
Other Operating Revenue	202.36	879.64
Total Revenue from Operations	**38,078.60**	**42,426.74**

Note 17: Other Income

(a) Other Income

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Interest Income from Financial Assets measured at amortised cost	3,934.32	3,512.82
Interest Income	109.49	412.42
Provision/Liabilities no longer required written back	127.08	674.00
Provision for Warranty written back	5.82	26.00
Expected credit loss/gain on trade receivables and due from customers written back	-	1,689.45
Lease liability written back	-	545.28
Profit on Sale of Property, Plant and Equipment	-	80.99
Net Foreign Exchange Gain	19.00	12.00
Corporate Guarantee Commission	147.35	147.35
Miscellaneous Income	40.60	3.93
Duty Drawback Income	1.00	19.01
Total	**4,384.66**	**7,123.24**

(b) Other Gains/(Losses)

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	(2.98)	(2.87)
Total Other Gains/(Losses)	**(2.98)**	**(2.87)**
Total Other Income (a+b)	**4,381.68**	**7,120.37**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 18: Cost of Materials Consumed

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Raw Materials at the beginning of the year	2,241.20	2,951.34
Add: Purchases	9,081.32	9,376.90
Less: Raw Materials at the end of the year	2,046.46	2,239.82
Less: Transfer to exceptional items at the end of the year	-	127.00
Total Cost of Raw Materials Consumed	**9,276.06**	**9,961.42**
Add: Consumption of bought out components	**12,164.57**	**11,461.21**
Total Cost of Materials Consumed	**21,440.63**	**21,422.63**

Note 19: Changes in Inventories of Work-in-progress and Finished Goods

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Opening balance		
Work-in progress	2,812.00	5,514.23
Finished goods	-	38.77
Total Opening balance	**2,812.00**	**5,553.00**
Closing balance		
Work-in progress	-	2,811.52
Finished goods	-	-
Total Closing balance	**-**	**2,811.52**
Less: Adjustments	2,895.00	-
Less: Transfer to Exceptional Item	-	2,949.48
Total Changes in Inventories of Work-in-progress and Finished Goods	**(83.00)**	**(208.00)**

Note 20: Employee Benefits Expense

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Salaries, Wages and Bonus	5,681.14	6,576.75
Contribution to Provident and Other Funds	332.10	357.85
Workmen and Staff Welfare Expenses	266.33	248.70
Total Employee Benefits Expense	**6,279.57**	**7,183.30**

Note 21: Finance Costs

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Interest and finance charges on financial liabilities not at fair value through profit or loss	1,87,538.98	432.28
Interest Expense on Fair Value of Revenue(Net)	-	382.23
Discounting on fair valuation of financial instruments on amortised cost	6,262.58	4,267.36
Unwinding of discount on provisions	-	10.66
Other borrowing cost	62.16	-
Total Finance Costs	**1,93,863.72**	**5,092.53**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 22: Depreciation and Amortisation Expense

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Depreciation on Property, Plant and Equipment	1,001.49	1,268.28
Depreciation on Investment Properties	-	3.00
Amortisation of Intangible Assets	3.37	1.17
Total Depreciation and Amortisation Expense	**1,004.87**	**1,272.45**

Note 23: Other Expenses

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Consumption of Stores and Spares	877.20	928.93
Fabrication and Other Charges	1,093.90	1,401.01
Power & Fuel	725.81	529.20
Rent	184.64	190.73
Repairs and Maintenance :		
Buildings	4.00	6.00
Plant and Machinery	49.31	51.70
Others	84.68	54.02
Legal & Professional Fees	363.59	1,698.69
Insurance	139.15	197.32
Commission Expenses	15.39	9.69
Director's Fees	1.20	8.60
Rates & Taxes	70.21	144.48
VAT/ CST written off	(1,312.00)	2,174.90
Cartage & Freight	230.42	348.26
Bank Charges	1,058.02	1,198.01
Travelling	641.92	559.21
Provision for Slow Moving Stock	44.29	-
Provision for Expected Credit Loss on Trade Receivables and due from customers	14,193.46	-
Duty drawback Claim written off	-	30.22
Provision/Allowance for Doubtful Debts and Deposits	237.00	1,898.47
Provision for Future Foreseeable Losses in Construction Contracts	(533.78)	(1,199.11)
Advance and other receivable written off	279.00	385.72
Net Foreign Exchange Loss	141.99	100.81
Provision for warranty	-	4.53
Goodwill written off	1,162.64	-
Bad Debts Written Off	4,487.14	-
Claim Recoverable Written Off	841.35	-
Liquidated Damages Expenses	6,349.88	-
Payment to Auditors (Refer Note No. 23 (a))	65.90	48.76
Subscriptions and donations	127.00	2.00
CIRP Expenses (Refer Note No. 23 (b))	349.57	-
Miscellaneous Expenses	830.12	1,194.51
Total Other Expenses	**32,803.02**	**11,966.65**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 23(a): Details of payments to auditors

Particulars	As at 31st March, 2023	As at 31st March, 2022
Payment to auditors		
Audit fee	43.20	35.06
For Limited Review	21.00	12.00
For other services	1.70	1.70
Total payment to auditors	**65.90**	**48.76**

Note 23(b): Details of CIRP Expenses

Particulars	As at 31st March, 2023	As at 31st March, 2022
CIRP Expense		
Professional Fees	218.41	-
Interim Management Fees	6.68	-
Legal Fees	67.28	-
IBBI Fee	52.37	-
Miscellaneous Expenses	4.83	-
Total CIRP Expenses	**349.57**	**-**

Note 23(c): Exceptional Item

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
EIG {Refer Note (i) below}	(7,773.61)	-
Advance given {Refer Note (ii) below}	(70.15)	-
Extinguishment of Financial Creditors {Refer Note (iii) below}	6,324.00	-
Extinguishment of Operational Creditors {Refer Note (iii) below}	6,908.00	-
Payment made on account of Corporate Guarantee {Refer Note (iii) below}	(2,998.00)	-
Total	**2,390.24**	**-**

(i) The claim of EIG (Mauritius) Limited admitted by Resolution Professional as per Arbitration Award has been recognised in the books of accounts.

(ii) McNally Sayaji Engineering Limited (MSEL), the erstwhile Subsidiary Company, was admitted to CIRP vide order dated 11.02.2021 and eventually the Resolution plan of the successful Resolution Applicant was approved by COC and thereafter by the Hon'ble National Company Law Tribunal, Kolkata Bench, Court-I vide its order dt. 24.02.2023. Hence, advance of ₹ 70.15 Lakhs has been written off from the books of accounts as 'Exceptional Items'.

(iii) Due to effects of implementation of Resolution Plan on the erstwhile Subsidiary Company (MSEL), all the liability on the date MSEL was admitted in NCLT was extinguished and consequently, the net gains of ₹ 10,234 Lakhs was recignized as exceptional item.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 24: Income Tax Expense

This note provides an analysis of the Group's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax positions.

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
(a) Income Tax Expense		
Current tax		
Current tax on profits for the year	2.69	-
Current tax - Earlier Years	(22.89)	(22.00)
Total Current Tax Expense	**(20.20)**	**(22.00)**
Deferred tax		
Decrease (increase) in deferred tax assets	6,233.89	-
(Decrease) increase in deferred tax liabilities	-	-
Total Deferred Tax Expense/(Credit)	**6,233.89**	**-**
Income Tax Expense	**6,213.69**	**(22.00)**
- through Profit and Loss	6,213.69	(22.00)
- through Other Comprehensive Income	-	-

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

The Group has recognised deferred tax assets on carried forward tax losses. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plan and budget for the Group.

(b) Reconciliation of tax expenses and the accounting profit multiplied by applicable rate :-

Particulars	Year ended 31st March , 2023	Year ended 31st March , 2022
Profit/(Loss) before Income Tax Expense	(2,20,102.59)	(12,077.35)
Other Comprehensive Income	(22.96)	77.79
	(2,20,125.55)	**(11,999.56)**
Tax at the Indian tax rate of 26% (2021-22 — 26%)		
Add : Change in carrying value in books	184.34	-
Add : Deferred Tax Asset created for Unabsorbed business loss	6,049.55	-
	6,233.89	**-**
Other Comprehensive Income		
Tax relating to item that will not be reclassified to Profit and Loss	-	-
Income Tax Expense	6,233.89	-

Note 25: Capital Management

Capital Management

The Group strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and strong capital

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023 (All amounts are in ₹ Lakhs, unless otherwise stated)

structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future developments and growth of its business. For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirments of the financial covenants. However, in view of certain factors, challenges and changes faced by the Group over past few years as explained in Note 45 to the Consolidated Financial Statements, networth of the Group has been fully eroded. The management expects that overall financial health of the Group would improve upon approval of resolution plan of the Holding Company.

Loan Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with various financial covenants. The Group has been under financial stress due to external factors. EBITDA margins of the Group have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Group has not been able to comply with some of the covenants during the current as well as the previous years. The Holding Company has persisting default in repayment of loans and borrowings from Banks and other lenders.

Note 26: Risk Management

The Group's activities is exposed to credit risk, liquidity risk and market risk.

The Group's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co•operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

Credit risk arises from Cash and Cash Equivalents, other bank balances, investments and other financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and due from customers.

(i) Credit Risk Management

The Group assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

Financial Assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Group or where payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the group continues to engage in enforcement activities to attempt to recover the receivable dues.

(ii) Provision for Expected Credit Losses

The Group provides for Expected Credit Loss of trade receivables, due from customers and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Wherever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on

Notes forming part of the Consolidated Financial Statements

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which the historical data is based, and to remove effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

Year ended 31st March, 2023

(a) Expected Credit loss for Loans & Investments, Expenses Recoverables and other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL3	1,828.12	-	-	1,828.12
		Claims Recoverable	VL3	36,252.08	-	8,737.56	27,514.52

During the year, the Holding Company has written off ₹ 841.35 Lakhs of claims recoverable.

(b) Expected Credit Loss for Due from Customers, Trade Receivables and Claims Recoverable under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross Carrying amount	Loss allowance measured at life-time Expected Credit Losses	VL3	4,432.90	1,19,438.26
Expected Credit Losses (Loss allowance provision)			(3,066.04)	44,144.53
Carrying amount (net of impairment)			1,366.86	1,63,582.79

Year ended 31st March, 2022

(a) Expected Credit Loss for Loans & Investments, Expenses Recoverables and other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL3	1,852.46	-	-	1,852.46
		Claims Recoverable	VL3	34,471.14	-	6,362.14	28,109.00
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	2.00	100%	2.00	-

During the year, the Holding Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows ₹ 846.81 Lakhs.

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables	Claims Recoverable
Gross Carrying Amount	Loss allowance measured at life-time expected credit losses	VL3	6,605.05	1,35,032.81	34,471.14
Expected Credit Losses (Loss allowance provision)			(3,595.84)	(34,841.58)	6,362.14
Carrying Amount (net of impairment)			3,009.21	1,69,874.39	28,109.00

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(iii) Reconciliation of loss allowance provisions- Security deposits/ Earnest Money Deposits

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit- impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance as on 31st March, 2021	-	-	2.00
Loss allowance as on 31st March, 2022	-	-	2.00
Loss allowance as on 31st March, 2023	-	-	-

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers under simplified approach

Particulars	Trade Receivables	Due from customers	Total Loss Allowance
Loss allowance as on 31st March, 2021	**34,466.32**	**-**	**34,466.32**
Changes in loss allowance	(69,307.90)	3,595.84	(65,712.06)
Loss allowance as on 31st March, 2022	**(34,841.58)**	**3,595.84**	**(31,245.74)**
Changes in loss allowance	(9,302.96)	(529.80)	(9,832.76)
Loss allowance as on 31st March, 2023	**(44,144.53)**	**3,066.04**	**(41,078.49)**

Significant Estimates and Judgements

Impairment of Financial Assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, industry practices existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturity of Financial Liability

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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The amounts disclosed in the table are the contractual cash flows, balances due within 12 months and more than 12 months.

Contractual maturities of financial liabilities (31st March, 2023)	Carrying Value	Contractual Cash Flows	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Non Derivatives						
Borrowings	3,15,890.95	3,15,890.95	3,15,775.95	-	-	115.00
Interest Accrued	1,91,569.18	1,91,569.18	1,91,569.18	-	-	-
Trade Payables	23,077.42	23,077.42	23,077.42	-	-	-
Employee Benefits payable	660.86	660.86	660.86	-	-	-
Lease Liability	111.82	111.82	87.60	24.22	-	-
Security Deposits	90.29	90.29	90.29	-	-	-
Dividend Accrued on Preference Shares	448.50	448.50	448.50	-	-	-
Liabilities for Expenses	-	-	-	-	-	-
Others	4,892.34	4,892.34	4,892.34	-	-	-
Total non derivative financial liabilities	**5,36,741.36**	**5,36,741.36**	**5,36,602.14**	**24.22**	**-**	**115.00**

Contractual maturities of financial liabilities (31st March, 2022)	Carrying Value	Contractual Cash Flows	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Non Derivatives						
Borrowings*	2,45,590.87	2,45,590.87	2,30,802.19	-	-	14,788.69
Interest Accrued	4,830.15	4,830.15	4,830.15	-	-	-
Trade Payables	25,863.31	25,863.31	25,863.31	-	-	-
Capital Creditors	13.00	13.00	13.00	-	-	-
Employee Benefits payable	1,096.03	1,096.03	1,096.03	-	-	-
Lease Liability	387.48	387.48	129.60	257.88		-
Security Deposits	90.29	90.29	90.29	-	-	-
Dividend Accrued on Preference Shares	448.50	448.50	448.50	-	-	-
Liabilities for Expenses	726.43	726.43	726.43	-	-	-
Others	224.14	224.14	224.14	-	-	-
Total non derivative financial liabilities	**2,79,270.20**	**2,79,270.20**	**2,64,223.64**	**257.88**	**-**	**14,788.69**

'*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities ₹ 83,804.25 Lakhs

(C) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the group's functional currency (INR). The risk is measured through the expected foreign currency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than "INR". The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

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(All amounts are in ₹ Lakhs, unless otherwise stated)

(a) Foreign Currency Risk Exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follow:

Particulars	31st March, 2023				31st March, 2022			
	USD	EUR	ZAR	GBP	USD	EUR	ZAR	GBP
Financial Assets								
Trade Receivables	-	553.15	-	-	243.00	2,023.79	-	-
Net exposure to foreign currency risk (assets)	**-**	**553.15**	**-**	**-**	**243.00**	**2,023.79**	**-**	**-**
Financial Liabilities								
Foreign Currency Loan	544.54	-	-	-	502.04	-	-	-
Trade Payables	79.46	1,188.48	3.92	-	114.26	1,129.25	3.92	2.00
Net exposure to foreign currency risk (liabilities)	**624.00**	**1,188.48**	**3.92**	**-**	**616.30**	**1,129.25**	**3.92**	**2.00**

(b) Sensitivity:

Impact on Profit

Particulars	Increase/(Decrease) in profit before tax	
	31st March, 2023	31st March, 2022
USD sensitivity		
INR/USD -Increase by 5% (31st March, 2022-5%)*	31.20	(18.67)
INR/USD -Decrease by 5% (31st March, 2022-5%)*	(31.20)	18.67
EUR sensitivity		
INR/EUR-Increase by 5% (31st March, 2022-5%)*	31.77	44.73
INR/EUR-Decrease by 5% (31st March, 2022-5%)*	(31.77)	(44.73)
ZAR sensitivity		
INR/ZAR-Increase by 5% (31st March, 2022-5%)*	0.20	(0.20)
INR/ZAR-Decrease by 5% (31st March, 2022-5%)*	(0.20)	0.20
GBP sensitivity		
INR/GBP-Increase by 5% (31st March, 2022-5%)*	-	(0.10)
INR/GBP-Decrease by 5% (31st March, 2022-5%)*	-	0.10

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During the year ended 31st March, 2023 and 31st March, 2022, the group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Group's borrowings to interest rate changes at end of reporting period are as follow:

Particulars	31st March, 2023	31st March, 2022
Variable rate borrowings	3,93,807.11	2,18,674.79
Fixed rate borrowings*	1,13,538.01	26,916.08
Total borrowings	**5,07,345.12**	**2,45,590.87**

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

The Group has not entered into interest rate swaps to hedge against fluctuating market interest rates.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Increase/(Decrease) in profit after tax	
	31st March, 2023	31st March, 2022
Interest rates increase by 50 basis points (50 bps) *	(1,969.04)	(91.54)
Interest rates decrease by 50 basis points (50 bps) *	1,969.04	91.54

* Holding all other variables constant (Refer Note 49)

Note 27: Fair Value Measurements

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2023 and 31st March, 2022.

Particulars	31st March, 2023			31st March, 2022		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity instruments	33.52	-	9.94	39.22	-	-
- Mutual funds	81.33	-	-	78.62	-	-
Trade Receivables	-	-	75,293.73	-	-	1,00,191.23
Loans	-	-	1,828.12	-	-	1,852.46
Cash and Cash Equivalents	-	-	3,012.10	-	-	4,502.27
Other Bank Balances	-	-	11.37	-	-	116.00
Security deposits	-	-	5,421.98	-	-	5,643.37
Advance to Employees	-	-	0.40	-	-	3.17
Due from customers	-	-	1,366.86	-	-	3,009.21
Deposits with bank	-	-	5.04	-	-	209.58
Claims Recoverable	-	-	27,514.52	-	-	28,109.00
Others	-	-	32.84	-	-	629.10
Total Financial Assets	**114.85**	**-**	**1,14,496.90**	**117.84**	**-**	**1,44,265.39**
Financial Liabilities						
Borrowings	-	-	3,15,890.95	-	-	2,45,590.87
Interest accrued	-	-	1,91,569.18	-	-	4,830.15
Trade payables	-	-	23,077.42	-	-	25,863.31
Capital creditors	-	-	-	-	-	13.00
Employee Benefits payable	-	-	660.86	-	-	1,096.03
Lease Liability	-	-	111.82	-	-	387.48
Security deposits	-	-	90.29	-	-	90.29
Dividend Accrued on Preference Shares	-	-	448.50	-	-	448.50
Liabilities for Expenses	-	-	-	-	-	726.43
Others	-	-	4,892.34	-	-	224.14
Total Financial Liabilities	**-**	**-**	**5,36,741.36**	**-**	**-**	**2,79,270.20**

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves on Financial Liabilities ₹ Nil (31st March, 2022 : ₹ 83,804.25 Lakhs)

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the Indian Accounting Standard. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
At 31st March , 2023				
Financial Assets				
Financial instruments at FVTPL				
Listed Equity Investments	33.52	-	-	**33.52**
Mutual Funds	-	81.33	-	**81.33**
Total Financial Assets	**33.52**	**81.33**	**-**	**114.85**

Financial Assets and Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
At 31st March, 2022				
Financial Assets				
Financial instruments at FVTPL				
Listed Equity Investments	39.22	-	-	**39.22**
Mutual Funds	-	78.62	-	**78.62**
Total Financial Assets	**39.22**	**78.62**	**-**	**117.84**

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observe market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date

Notes forming part of the Consolidated Financial Statements

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(All amounts are in ₹ Lakhs, unless otherwise stated)

(iii) Fair value of the Financial Asset and Liabilities measured at Amortised Cost

The Management considers that the carrying amount of financial assets and liabilities recognised in the financial statements and carried at amortised cost approximates their fair value as on 31st March, 2023 and 31st March, 2022. Initial recognition of financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

Note 28: Related Party Disclosures

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

(i) McNally Sayaji Engineering Limited (MSEL) (Up to 24th February, 2023)

(ii) McNally Bharat Equipments Limited (MBEL)

(iii) MBE Mineral Technologies Pte Limited

(iv) MBE Minerals Zambia Limited

(v) MBE Coal & Mineral Technology India Private Limited (wholly owned subsidiary of MSEL) (Up to 24th February, 2023)

(vi) McNally Bharat Engineering (SA) Proprietary Limited

(b) Joint Venture

(i) EMC MBE Contracting Company LLC

(ii) McNally- Trolex

(iii) McNally- AML

(iv) McNally- Trolex- Kilburn

(c) Post employment benefit plan of the Holding Company

(i) McNally Bharat Executive Staff Gratuity Fund

(ii) McNally Bharat Employees Provident Fund

(d) Key Managerial Personnel

(i) Mr. Aditya Khaitan - Chairman

(ii) Mr. Srinivash Singh - Chief Executive Officer*

(iii) Mr. Brij Mohan Soni - Chief Financial Officer (Resigned w.e.f. 7th September, 2022)

(iv) Mr. Pradyuman Baidya - Chief Financial Officer (Appointed w.e.f 13th September, 2022)

(v) Mr. Rahul Banerjee - Company Secretary (Resigned w.e.f. 22nd October , 2021)

(vi) Mrs Indrani Roy- Company Secretary

(vii) Ms. Arundhati Dhar - Independent Director (Resigned w.e.f. 3rd August, 2022)

(viii) Mr. A.K Barman - Independent Director

(ix) Mr. Nilotpal Roy- Independent Director

(x) Ms. Kasturi Roychoudhury - Independent Director

* The tenure as Managing Director ceased on 13th December, 2022. Thereafter, appointed as Chief Executive Officer w.e.f. 14th December, 2022.

Notes forming part of the Consolidated Financial Statements

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(All amounts are in ₹ Lakhs, unless otherwise stated)

The following transactions were carried out with Related Parties in the ordinary course of business:

Description	McNally- Trolex	McNally- AML	McNally- Trolex-Kilburn
Sale of Goods/fixed assets	4,200.78	4,622.98	3,564.75
	(2,532.99)	(2,689.48)	(2,232.38)
Reimbursement of Expenses Received	0.13	0.14	0.06
	(0.54)	-	-
Rent Received	3.00	2.73	2.73
	-	(1.70)	(1.70)

Balances Outstanding of Joint Ventures as at 31st March

Description	EMC MBE Contracting Co LLC	McNally-Trolex	McNally- AML	McNally- Trolex-Kilburn
Investment at the year end	152.31	-	-	-
	(152.31)	-	-	-
Provision for impairment in value of investments	152.31	-	-	-
	(152.31)	-	-	-
Outstanding Receivables*	67.06	802.72	760.36	468.34
	(67.06)	(0.40)	(2.37)	(2.65)
Advance received from Customer	-	462.08	769.02	303.14
	-	-	-	-
Allowance for doubtful receivables	67.06	-	-	-
	(67.06)	-	-	-
Security Deposit	-	625.97	2,749.16	773.96
	-	(625.97)	(2,749.16)	(773.96)

Bracket indicates Previous year figures.

* Outstanding Receivables also include receivables of rent from Joint Venture

Transactions with Key Managerial Personnel	2022-23			2021-22		
	Remuneration	Sitting fees	Outstanding Balance payable as at year end	Remuneration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	219.96	-	-	201.84	-	11.75
Mr. Brij Mohan Soni	30.17	-	1.25	64.17	-	3.93
Mrs. Indrani Ray	40.00	-	-	12.69	-	2.43
Mr. Rahul Banerjee	-	-	-	6.46	-	-
Mr. Aditya Khaitan	-	-	0.30	-	1.80	0.40
Ms. Arundhati Dhar	-	0.40	0.98	-	3.40	1.40
Mr. A.K Barman	-	0.40	1.48	-	3.40	1.40
Mr. Nilotpal Roy	-	0.20	0.72	-	1.60	0.60
Ms. Kasturi Roy Choudhury	-	0.20	0.72	-	1.60	0.60
Mr. Pradyuman Baidya	36.11	-	-			
Mr. Saroj Kant Singh (Relative to KMP)	29.30	-	-	25.72	-	1.68

Notes forming part of the Consolidated Financial Statements

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(All amounts are in ₹ Lakhs, unless otherwise stated)

Remuneration includes	2022-23		2021-22	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. Srinivash Singh	219.96	-	201.84	-
Mr. Brij Mohan Soni	29.11	1.06	60.92	3.25
Mr. Rahul Banerjee	-	-	6.15	0.31
Mr. Indrani Ray	38.21	1.79	12.12	0.57
Mr. Pradyuman Baidya	34.49	1.62	-	-
Mr. Saroj Kant Singh (Relative to KMP)	27.99	1.31	25.72	1.26

a) This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.

b) "Transactions with related parties mentioned above are as per terms and contracts approved by the board. All transactions disclosed above were made on normal commercial terms and conditions and wherever applicable linked with market rates .

Details of contribution to post employment benefit plans

Particulars	2022-23	2021-22
McNally Bharat Executive Staff Gratuity Fund	37.17	76.98
McNally Bharat Employees Provident Fund *	103.78	228.62

* Considered only Employer contribution.

Note 29: Capital Commitments

There is no capital commitment as at Balance sheet date.

Note 30: Leases

The Group has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term

leases and low-value assets are charged as rent to the Consolidated Statement of Profit and Loss.

Amount Recognized in the Consolidated Statement of Profit and Loss Account or Carrying Amount of Another Asset

Particulars	2022-23	2021-22
Depreciation recognized	122.55	169.00
Interest on lease liabilities	22.94	229.21
Expenses relating to short-term leases & of low-value assets	184.64	190.73
Total cash outflow for leases	87.60	511.16
Additions to Right of Use Assets during the year	-	194.94
Deletion from Right of Use Assets during the year	-	(1,730.00)
Net Carrying Amount of ROU Assets at the end the year	**97.47**	**339.00**

Note 31:

MBE Minerals Technology Pte Ltd (MBEMT), a wholly owned subsidiary has sold its entire 99% stake in MBE EWB Kft to MBE CMT Gmbh, it's associate company, for ₹ 1,375.50 Lakhs (USD 2.1 million) on August 14, 2017 through sale agreement pursuant to which 75% of the consideration was to be received by December 31, 2017 and remaining

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023 (All amounts are in ₹ Lakhs, unless otherwise stated)

25% was to be received by March 31, 2018. MBEMT has not received any consideration by the specified dates, the settlement date for the consideration had been extended to September 30, 2018 videan addendum to the agreement dated March 27, 2018. Due to non-receipt of such consideration, MBE Minerals Technology Pte Ltd (MBEMT) has been impaired during the financial year ended 31st March, 2019.

Note 32: Dues to Micro, Small and Medium Enterprises

The amount due to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Group. The

Particulars	31st March, 2023	31st March, 2022
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as	184.22	540.96
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year	254.33	175.64
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed	143.91	124.59

Note 33: Contingent Liabilities

a. The details of contingent liabilities are as under:

Particulars	31st March, 2023	31st March, 2022
Claims against the Group not acknowledged as debt*	46,859.99	48,242.62
Other money for which the Group is contingently liable:		
Indirect Tax matters relating to Excise Duty, Service Tax, Central Sales Tax, Value added Tax and Goods and Service Tax	44,995.74	50,545.77
Income Tax matter pending	3,235.20	8,593.28
Corporate guarantees given	8,000.00	-
Other demands related to claims made by certain ex-employees towards employee benefits due to them	-	41.00
Civil Suits filed by Customer for Equipment issue	-	117.00
Civil Suits filed by Suppliers	-	132.00
Demand from Jharkhand Mineral Area Development Authority	-	1,054.70
Arbitration with Odisha Mining Corporation	-	445.00
Bank Gurantees issued by company-Performance, Security and Earnest Money deposit	28,797.66	36,522.79
Liquidated damages relating to contract sales	Amount not readily ascertainable	

*In earlier years, the Holding Company had entered into a put option agreement with EIG (Mauritius) Limited, who invested in one of its subsidiary companies. In order to exercise the put option, the Investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore. The Arbitrator issued a dissenting opinion requiring the Holding company to pay damages amounting to ₹ 21,102.69 Lacs (including interest) and legal cost. Thereafter, Corporate Insolvency Resolution Process "CIRP" has been initiated against the Holding Company. Hence, EIG (Mauritus) Limited had filed its claim to IRP/RP on 17th May 2022 and accordingly the liability of ₹ 7,773.61 Lakhs along with interest of ₹ 888.94 Lakhs has been booked and remaining amount of ₹ 13,056.93 Lakhs has been considered as Contingent liability included in 'Claims against the company not acknowledged as debt'.

In view of Holding Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance being under moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 till the conclusion of CIRP. Therefore, no impact has been considered in the Financial Statements as of now. (Refer Note 46)

Details of Corporate Guarantees given covered under Section 186(4) of the Companies Act, 2013:-

Particulars	31st March, 2023	31st March, 2022
MBE Coal & Mineral India Private Limited (Banking Facility)	3,000.00	3,000.00
McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
Total	**8,000.00**	**8,000.00**

Notes forming part of the Consolidated Financial Statements

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(All amounts are in ₹ Lakhs, unless otherwise stated)

b. Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Holding Company has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of ₹ 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Company. The Arbitrator has issued interim directions to deposit an amount of ₹ 2,831.63 Lakhs in Specifically designated Escrow Account or alternatively furnish an unconditional and irrevocable bank guarantee of such amount. The order also restrained an Injunction of any dealing of share of Mcnally Sayaji Engineering Limited which is pledged against the loan. Further, the Holding Company submitted an affidavit, the details of all its assets, properties (Movable or immovable) which are restrained for any dealing, transfer and disposal of assets. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT'") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Holding Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC. Further, TCFSL had filed an application with ("the NCLAT). As per NCLAT order dated 17.08.2022, the appeal has dismissed as withdrawn granting liberty to raise any legally permissible contentions at appropriate stage.

c. The Director General of GST Intelligence (DGGI) Kolkata had conducted investigation in 2019-20 at the Corporate Office of the Holding Company and denied Input Tax Credit of ₹ 945.04 Lakhs and also denied Input tax Credit of ₹ 200.00 Lakhs in 2020-21availed by the Company. Pending adjudication of the matter, the Holding Company has included the Input Tax Credit in Note 11(b) under Balance with Statutory/Government authorities. During the year, the department has conducted audit for F.Y. 2017-18 and provided its observations thereon. Further proceedings in this matter has been kept in abeyance till the conclusion of CIRP as moratorium is applicable u/s 14 of the Insolvency and Bankruptcy Code, 2016 .

Future cash outflows in respect of the above matters are determinable only on receipts of judgments / decisions pending at various forums / authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and result of operations.

Note 34: Excess Remuneration paid to Key Managerial Personnel of the Holding Company

The Holding Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Holding Company amounting to ₹ 94.33 Lakhs (Previous Year ₹ 141.84 Lakhs) for the year.

Note 35: Disclosure for Construction Contracts

The details as required in respect of Construction Contracts under Ind AS 115 in respect of the Holding Company are as under:

Particulars	31st March, 2023	31st March, 2022
Contract costs incurred	18,64,919.54	18,33,195.82
Add : Recognised profit net of recognised losses	(61,266.14)	(44,979.37)
Contract Revenues*	**18,03,653.40**	**17,88,216.45**
Progress Billing	16,97,996.50	16,81,033.40
Unbilled Revenue transferred	1,01,224.00	1,01,224.00
Unbilled Revenue	4,432.90	5,959.05
Due from Customers	4,432.90	5,959.05
Less: Allowance for doubtful amount	2,590.51	2,586.53
Less: Provision for future foreseeable losses	475.53	1,009.31
Net Due from Customers	1,366.86	2,363.22
Advance payments received	2,919.67	4,350.68
Retention amount	1,257.72	-
Provision for future foreseeable losses as on	475.53	1,009.31

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Refer Note 26(A)(ii) for Loss Allowances on Trade Receivables

Sale of equipments and contract revenue in respect of construction contracts as reported in this account is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the Company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The Holding Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Holding Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

Note 36: Interest in Other Entities

(a) Interest in Subsidiaries

The group's subsidiaries as at 31st March , 2023 are set out below. Unless otherwise stated, they have share capital consisiting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

	Name of Entity	Place of business/ country of incorpora-tion	Ownership interest held by the group		Ownership interest held by Others	
			Year ended 31st March, 2023	Year ended 31st March, 2022	Year ended 31st March, 2023	Year ended 31st March, 2022
			%	%	%	%
i)	McNally Sayaji Engineering Limited	India	-	81.56	100.00	18.44
ii)	McNally Bharat Equipments Limited	India	99.40	99.40	0.60	0.60
iii)	MBE Minerals Zambia Limited	Zambia	100.00	100.00	-	-
iv)	MBE Mineral Technologies Pte Limited	Republic of Singapore	100.00	100.00	-	-
v)	MBE Coal & Mineral Technology India Private Limited (Step-down Subsidiary)	India	-	81.56	100.00	18.44

(b) Interest in Joint Venture

Set out below is the Joint Venture of the Group as at 31st March, 2023, which has share capital consisting solely of equity shares and are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Financial Statements of the Joint Ventures of the Holding Company whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) have not been considered in the Consolidated Financial Statements.

	Name of entity	Place of business/ country of incorpora-tion	Proportion of Ownership		Carrying Amount	
			Year ended 31st March, 2023	Year ended 31st March, 2022	Year ended 31st March, 2023	Year ended 31st March, 2022
			%	%	₹ Lakhs	₹ Lakhs
i)	EMC MBE Contracting Co LLC	Oman	35.00%	35.00%	-	-
i)	MBE-AML (JV)	India	98.00%	98.00%	-	-
i)	MBE_Trolex (JV)	India	97.00%	97.00%	-	-
i)	MBE-Trolex-Kilburn (JV)	India	80.00%	80.00%	-	-

Note: Profit/Loss for the year of Joint Ventures which are not material have not been considered in the Financial Statements

Notes forming part of the Consolidated Financial Statements

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(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 37: Earnings Per Share

	Year ended 31st March , 2023	Year ended 31st March , 2022
(a) Basic Earnings Per Share		
Profits/(Losses) attributable to the Equity Holders of the Group	(2,27,060.38)	(11,254.61)
Total Basic Earnings Per Share attributable to the equity holders of the Group	(107.32)	(5.32)
(b) Diluted Earnings Per Share		
Profits/(Losses) attributable to the equity holders of the Group	(2,27,060.38)	(11,254.61)
Total Diluted Earnings Per Share attributable to the Equity holders of the Group	(107.32)	(5.32)

(c) Weighted average numbers of shares used as denominator

Particulars	31st March, 2023 Number of shares	31st March, 2022 Number of shares
Weighted average number of equity shares and potential equity shares used as the denominator in calculating basic earnings per share	21,15,70,757	21,15,70,757

Note 38: Segment information

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 as defined, 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”.

Note 39: Assets pledged as Security

The carrying amounts of assets pledged as security for current and non-current borrowings of Holding Company are:

Particulars	Notes	Year ended 31st March, 2023	Year ended 31st March, 2022
Current			
Financial Assets			
Trade Receivables	7(a)	75,237.37	99,252.23
Cash and Cash Equivalents (including other Bank Balances)	7(b)	2,948.23	4,618.27
Loans	7(c)	1,744.38	1,852.46
Other Financial Assets	7(d)	34,290.70	36,818.85
Non-Financial Assets			
Inventories	10	74.68	5,465.82
Other Current Assets	11(b)	40,844.45	44,996.32
Total Current Assets pledged as security		**1,55,139.81**	**1,93,003.97**
Non-current			
Investments	6	114.85	117.84
Trade Receivables	7(a)	-	939.00
Property, Plant and Equipment	3	1,670.83	1,670.83
Capital work in progress	3	462.62	462.62
Other Financial Assets	7(d)	5.04	-
Investment Property	4	-	355.42
Other Intangible Assets	5	-	56.54
Total Non-currents assets pledged as Security		**2,253.34**	**3,602.26**
Total Assets pledged as Security		**1,57,393.15**	**1,96,606.23**

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Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Investments in Mutual Funds relating to ₹ 81.33 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid in earlier year, however lien against the investment pledged has not been satisfied till date.

Note 40: Details of Loans given covered under Section 186(4) of the Companies Act, 2013.

Particulars	31st March, 2023	31st March, 2022
Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. 29.08.2018)*	1,744.38	1,744.38
Total	**3,169.50**	**3,169.50**

*The Holding Company has given moratorium for payment of interest and hence not recognised interest income on the loan for the year ended 31st March, 2023 on prudential basis.

Note 41:

Note 41

As per the Indian Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, which prescribes that the material prior period errors are to be corrected retrospectively by restating the comparative amounts for prior period(s) presented in which the error occurred. Further if the error occurred before the earliest period presented, the opening balance of assets, liabilities and equity/ retained earnings for the earliest period presented is required to be adjusted. However, considering the provision of section 131 of the Companies Act 2013, requiring prior approval of “National Company Law Tribunal” for recasting of earlier period financial statements, the Company has carried out the required accounting adjustments in the current financial year ended 31st March, 2023 as Finance Cost and disclosed the adjustment made by way of notes to the financial statement for the said financial year.

Note 42:

The Holding Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in “West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram,” (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The Holding Company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Holding Company has a legitimate claim of ₹ 1,517 lakhs towards receivable and ₹ 1,133 lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of ₹ 7,334 lakhs including an additional claim on consequential losses as per guidelines of “Federation Internationale Des Ingenieurs-Conseils” (FIDIC). Arbitral Board in their meeting held on 25th October, 2010 has upheld Elsamex S A’s claim and has given award in favour of Elsamex S A. Under the award, a total amount of ₹ 3,535 Lakhs is receivable by the Holding Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court in January, 2011 for a stay in the matter of payment of award money. The matter is still pending for hearing.

Notes forming part of the Consolidated Financial Statements

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(All amounts are in ₹ Lakhs, unless otherwise stated)

Note 43: Additional Information required by Schedule III to the Act

Name of the Entity in the Group	Net Assets (total assets minus liabilities)		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % Consolidated Net Assets	Amount (₹ Lakhs)	As a % Consolidated Profit or Loss	Amount (₹ Lakhs)	As a % Consolidated Other Comprehensive Income	Amount (₹ Lakhs)	As a % Consolidated Total Comprehensive Income	Amount (₹ Lakhs)
Holding Company								
McNally Bharat Engineering Company Limited								
31st March 2023	100.02%	(3,32,555.33)	101.27%	(2,29,197.01)	(39.40)%	9.04	101.26%	(2,29,187.97)
31st March 2022	10.20%	(1,639.37)	63.99%	(7,714.23)	33.65%	17.75	64.12%	(7,696.48)
Subsidiaries (Group's Share)								
Mcnally Sayaji Engineering Limited								
31st March 2023	0.00%	-	(1.45)%	3,290.95	113.69%	(26.10)	(1.44)%	3,264.85
31st March 2022	(11.49)%	1,847.68	29.38%	(3,542.17)	54.12%	28.55	29.27%	(3,513.62)
MBE Mineral Technologies Pte Ltd.								
31st March 2023	0.05%	(175.74)	0.00%	-	0.00%	-	0.00%	-
31st March 2022	(0.99)%	159.07	0.00%	-	0.00%	-	0.00%	-
Mcnally Bharat Equipments Limited								
31st March 2023	0.00%	15.90	0.00%	8.32		-	0.00%	8.32
31st March 2022	(0.05)%	7.54	(0.02)%	1.91	0.00%	-	(0.02)%	1.91
MBE Minerals Zambia Limited								
31st March 2023	0.10%	(338.75)	0.00%	-	0.00%	-	0.00%	-
31st March 2022	2.28%	(365.93)	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
Mcnally Bharat Engineering (SA) Proprietary Limited								
31st March 2023	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31st March 2022	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Non-Controlling Interest								
31st March 2023	0.00%	0.05	(0.33)%	744.10	25.70%	(5.90)	(0.33)%	738.20
31st March 2022	(7.66)%	1,231.51	6.64%	(800.74)	12.23%	6.45	6.62%	(794.29)
Adjustment for change in ownership interest								
31st March 2023	(0.17)%	575.40	0.51%	(1,162.64)	0.00%	-	0.51%	(1,162.64)
31st March 2022	107.66%	(17,307.92)	0.00%	-				
Total								
31st March 2023	**100.00%**	**(3,32,478.47)**	**100.00%**	**(2,26,316.28)**	**100.00%**	**(22.96)**	**100.00%**	**(2,26,339.23)**
31st March 2022	**100.00%**	**(16,076.39)**	**100.00%**	**(12,055.26)**	**100.00%**	**52.75**	**100.00%**	**(12,002.52)**

Note 44:

An application for initiation of the Corporate Insolvency Resolution Process ("CIRP") was filed by the Bank of India under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against the Holding Company, McNally Bharat Engineering Company Limited ("Corporate Debtor"). The CIRP commenced vide Order dated 29.04.2022 of the Hon'ble National Company Law Tribunal, Kolkata, Bench-I ("Hon'ble Tribunal") and Mr. Anuj Jain (IBBBI registration number: IBBI/IPA-001/IP-P00142/2017-2018/10306) was appointed as the Interim Resolution Professional ("IRP").

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

The members of the Committee of Creditors ("CoC") approved the appointment of Mr. Ravi Sethia (IBBI registration number: IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional ("RP") of the Corporate Debtor, and Hon'ble Tribunal confirmed the same vide order dated 26.08.2022 in (I.B.C.) No. 766 of 2022.

The 1st CoC Meeting was held on 02.06.2022 in which, the IRP published Form G for inviting Expression of Interest ("EOI") from potential resolution applicants on 05.07.2022. Thereafter, a final list of 17 PRAs was issued by the IRP on 17.08.2022. The IRP issued RFRP including Evaluation Matrix and Information Memorandum on 20.08.2022. Thereafter, three Prospective Resolution Applicants ("PRAs") submitted their Resolution Plans on the last date of submission of the Resolution Plan on 05.12.2022. Another PRA, Rashmi Metaliks Limited had submitted the resolution plan after seeking order in this regard from Hon'ble National Company Law Appellate Tribunal. In the 14th CoC Meeting held on 21.01.2023, the Challenge Process took place and revised Resolution Plans were received from the Resolution Applicants by the Resolution Professional on 28.02.2023. Thereafter, in the 22nd CoC Meeting held on 10.04.2023 the Second Challenge Process took place for fresh Resolution Plan.

The CIRP Period of 180 days ended on 31.10.2022. Hon'ble Tribunal vide order dated 01.11.2022 in IA(I.B.C)/1282(KB)2022, extended the period of CIRP by 90 days with effect from 31.10.2022. The RP filed an application bearing IA No. 848/KB/2023 before Hon'ble Tribunal for an extension of the CIRP period by 60 days beyond 270 days ending on 22.04.2023. The IA was heard by Hon'ble Tribunal on 19.05.2023 and order has been reserved by the Hon'ble Tribunal.

Note 45:

"The Holding company is under CIRP hence, the ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers, submission of viable resolution plan by the prospective investor and approval thereof by the COC and NCLT respectively. 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 Consolidated Financial Statements have been prepared on going concern basis."

Note 46:

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 pass an order for liquidation of Corporate Debtors under section 33 of the IBC, as the case may be. 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 Holding Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as being under moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 till the conclusion of CIRP. Therefore, no impact has been considered in Consolidated Financial Statements as of now.

Note 47:

In earlier years, Holding Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposits taken from Seajuli Developers & Finance Ltd and Wood side Parks Ltd aggregating to ₹ 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 which was recognised in earlier years under the head 'Other Equity' and correspondingly loan amounting to ₹ 98,592.94 Lakhs is shown as "Borrowings"."

Note 48:

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers and Loans to others. Accordingly, no provision has been made against it during the year ended 31st March, 2023.

Note 49:

The Holding Company has been categorised as Non Performing Asset by the lender banks and majority of the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Holding Company has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings till 31st March, 2022.

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In the current year, the Holding Company has recorded interest expense till 31st March, 2023 for earlier as well as current years, on bank borrowing based on the claims filed with the RP and Memorandum Statements, if provided by the bank. For the remaining, the Holding Company has charged interest assuming 16% rate of interest compounded quarterly.

Further, the Holding Company has also recorded interest expense till 31st March, 2023 for earlier as well as current years interest on inter corporate deposits based on the claims filed with RP and thereafter as per the terms with the respective lenders, if any. For the remaining, the Holding Company has charged interest assuming 16% rate of interest compounded quarterly.

The operational creditors have also submitted claims to the IRP/RP amounting to ₹ 31,563.50 lakhs, out of 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.

Note 50:

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) had declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Group, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as State Governments, the business of the Group is regaining normalcy in terms of volume as well as cash flow. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

Note 51:

"Trade Receivables, Other Current Assets and Other Financial 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.The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of trade receivables which include ₹ 41,269.25 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business, hence no impairment has been considered at this stage."

Note 52:

One of the Subsidiary, McNally Sayaji Engineering Limited has been drawn into Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021. On 24th February, 2023 NCLT has approved the resolution plan in the favour of one of the successful resolution applicant, Tega Industries Limited. As per the order all the existing investment held by the Holding Company has been cancelled and delisted. Consequently, MSEL ceased to be the subsidiary of McNally Bharat Engineering Co. Ltd with effect from said date and MBE Coal & Minerals Technology India Ltd, being step-down subsidiary of the Holding company no longer remains its step-down subsidiary.

Note 53:

The Results of the incorporated joint ventures of the Holding Company i.e, EMC MBE Contracting Company LLC, including their carrying value in the financial statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Statements.

The joint ventures of the Holding Company i.e, McNally - Trolex (Holding Co.'s share 97%), McNally - AML (Holding Co.'s share 98%) and McNally - Trolex - Kilburn (Holding Co.'s share 80%) relating to Coal India projects are non - corporate entities and there is no equity capital investment. The cumulative financial results of these three joint ventures as on the reporting date show loss of ₹ 222.04 Lakhs. Considering the probable chance of recovery of loss upon completion of the contract, no provision towards incurred loss at this stage has been considered in the Consolidated Financial Statements.

Note 54:

Other Statutory Information

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against it for holding any Benami property.

Notes forming part of the Consolidated Financial Statements

for the year ended 31st March, 2023

(ii) The Group does not have any transactions with Companies struck off under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year.

(iii) The Group has not been declared as a wilful defaulter by any bank or financial institution or other lender.

(iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) Borrowings from bank and financial institution has been classified as Non-Performing Assets. So, filing of quarterly statements are not required.

(vi) The Group does not have any charge or satisfaction of charge, which is yet to be filed with ROC beyond the statutory period.

(vii) The Group has not advanced or loaned to or invested funds in any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intemediary shall:

(a) directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.

(viii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that it shall:

(a) directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ix) The Group has no such transaction unrecorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income tax Act, 1961 such as , search or survey or any other relevant provision of the Income Tax Act, 1961.

Note 55:

As the powers of the Board of Directors of the Holding Company have been suspended, the financial statements have not been adopted by the Board of Directors. However, the same have been reviewed and signed by RP, Non-Executive director and KMPs of the Company.

Note 56:

There are no significant subsequent events that would require adjustments or disclosure in the Consolidated Financial Statements as on the date of approval of these Consolidated Financial Statements.

Note 57:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per Report of our even date
For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(Aniruddha Sengupta)
Partner
Membership Number: 051371

Place : Kolkata
Date : 26th May, 2023

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN : 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

Sl. No.		1	2	3
	Name of the subsidiary	**MBE Mineral Technologies Pte Ltd**	**MBE Minerals Zambia Limited**	**McNally Bharat Equipment Limited**
1	The date since when subsidiary was acquired	19 May 2009	21 May 2010	07 March 2008
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR (Lakhs)	INR (Lakhs)	INR (Lakhs)
4	Share capital	3,765.25	2.08	10.00
5	Reserves and surplus	(3,940.99)	-340.83	5.90
6	Total assets	25.94	85.71	240.19
7	Total Liabilities	201.69	424.47	224.29
8	Investments	-	-	-
9	Turnover	-	-	130.76
10	Profit / Loss before taxation	-	-	11.06
11	Provision for taxation	-	-	2.69
12	Profit / Loss after taxation	-	-	8.37
13	Proposed Dividend	-	-	-
14	Extent of shareholding (in percentage)	100%	100%	99.40%

Part B: Associates and Joint Ventures

Sl. No.	Name of the Associates or Joint Ventures	1 **MCNALLY TROLEX KILBURN (JV)**	2 **MCNALLY TROLEX (JV)**	3 **MCNALLY AML (JV)**
1	Latest Balance Sheet Date	31 March 2023	31 March 2023	31 March 2023
2	Date on which the Associate or Joit Venture was associated or acquired	03 September, 2020	07 October, 2020	12 October, 2020
3	Shares of Associate or Joint Ventures held by the Company on the year end	80%	96-97%	97-98%
4	Amount of Investment in Associates or Joint Ventures	-	-	-
5	Extent of Holding (%)	80%	96-97%	97-98%
6	Joint Control / Significant influence	Joint Venture	Joint Venture	Joint Venture
7	Reason for not consolidated	Profit / (Loss) for the year not material	Profit / (Loss) for the year not material	Profit / (Loss) for the year not material
8	Networth attributable to Shareholding as per latest audited Balance Sheet	-	-	-
9	Profit / Loss for the year			
	i) Considered in Consolidation	-	-	-
	II) Not Considered in Consolidation	-	-	-

1 Names of subsidiaries which are yet to commence operations: Nil

2 In terms of NCLT Order dated 24th February 2023 passed under section 31 of the Insolvency & Bankruptcy Code, 2016 in the matter of McNally Sayaji Engineering Limited, the company ceased to remain a subsidiary of McNally Bharat Engineering Company Limited as on 31st March 2023.

3 EMC MBE Contracting Co LLC , a joint venture for MBECL having 35% share is a dormant JV since last couple of years hence the company has initiated winding up proceedings.

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN : 02373956

(Kasturi Roychoudhury)
Director
DIN: 06594917

(Aniruddha Sengupta)
Partner
Membership Number: 051371

(Srinivash Singh)
Chief Executive Officer

(Pradyuman Baidya)
Chief Financial Officer

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

(Indrani Ray)
Company Secretary

Place : Kolkata
Date : 26th May, 2023

McNally Bharat Engineering Company Limited

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