

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

The National Stock Exchange of India Limited

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

12th November 2022

BSE Limited

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

Dear Sir,

Sub: Outcome of Meeting for consideration of Unaudited Financial Results for the Second Quarter and Half-year ended 30th September 2022 (“the Results”)

Scrip Code/Symbol: 532629/MBECL

We refer to our Intimation on 17th October 2022 regarding Meeting of the Resolution Professional (RP) with the suspended Board of Directors of the Company to be scheduled on 12th November 2022. The RP and the Directors having met today, approved of the following:

- i) Unaudited Standalone and Consolidated Financial Results of the Company for the second quarter and half year ended 30th September 2022 (the “Results”).
- ii) Re-appointment of Mr. Srinivash Singh (DIN 00789624) as the Managing Director of the Company for a period of 3 (three) years w.e.f. 14th December 2022 subject to approval of Lenders and Shareholders.
- iii) Postal Ballot Notice seeking approval of Members for re-appointment of Mr. Srinivash Singh by way of Special Resolution.

The Meeting ended at around 4.25 PM.

Enclosed herewith:

- (1) the Results, duly signed by Mr. Ravi Sethia, the Resolution Professional and Mr. Srinivash Singh, Managing Director;
- (2) Limited Review Report by V. Singhi & Associates, Statutory Auditors, on the Results; and
- (3) details required under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFT/CMD/4/2015 dated 9th September, 2015, for re-appointment of Mr. Srinivash Singh.

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

Yours faithfully,

For McNally Bharat Engineering Company Limited

INDRANI
RAY

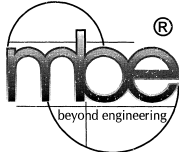
Indrani Ray
Company Secretary

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.]

An ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified Company

Member  Williamson Magor Group



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CIN: L45202WB1961PLC025181

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Details required under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFT/CMD/4/2015 dated 9th September, 2015

Re-appointment of Mr. Srinivash Singh (DIN 00789624) as Managing Director:

Name of Director	Mr. Srinivash Singh
Nature of Directorship	Managing Director
Date of Re-appointment	With effect from 14 th December 2022
Date of Birth	18/02/1946
Qualification	Cost Accountant, Company Secretary, LLB
Expertise in specific functional areas	Management, Leadership, Strategic Planning, Finance, Accounting, Legal, Administration, Communication, etc.
Brief Profile	Mr. Srinivash Singh holds by qualification membership of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He also holds an LLB degree. He has vast experience of more than Five decades in steering business operations of EPC companies. Mr Singh had earlier served as the Managing Director of the Company from 2002 – 2010 and re-appointed since 2016.
Listed entities in which the Director also holds directorship and membership of Committees of Board of such entities	Non-executive Non-independent Director: McNally Sayaji Engineering Limited
Relationships between directors (<i>inter-se</i>)	Nil
Shareholding in the Company	Nil

For McNally Bharat Engineering Company Limited

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Indrani Ray

Company Secretary

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

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Member  Williamson Magor Group

Independent Auditor's Report on Limited Review of the Unaudited Standalone Financial Results for the quarter and half year ended 30th September, 2022 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report
The Resolution Professional of
McNally Bharat Engineering Company Limited
Four Mangoe Lane, Surendra Mohan Ghosh Sarani
Kolkata - 700001**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Company") for the quarter and half year ended 30th September, 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



4. Basis for Adverse Conclusion

a) Trade Receivables and Other Current Assets

We draw attention to **Note 12** to the statement regarding Trade Receivables, Other Financial Assets including Claims recoverable (BG encashed) and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us;

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

b) Other Equity

Note 10 of the Statement regarding Other equity which includes Rs 83,064.81 lakhs (83,804.25 lakhs as on 31st March, 2022) fair valuation gain on account of deferred repayment of Inter Corporate Deposit amounting to Rs 98,592.94 lakhs considered as part of "Other Reserves". Therefore, Rs 15,528.12 lakhs (14,788.69 lakhs as on 31st March, 2022) have been considered as "Long term borrowings" under the head Non-Current Borrowings.

5. Emphasis of Matters

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

a) Appointment of Resolution Professional

Note 1 to the Statement wherein it has been informed 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. Subsequently, NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP).

b) Material Uncertainty related to Going Concern

Note 4 to the Statement that the Company has incurred a net loss of Rs 23,881.40 lakhs (before comprehensive income) during the quarter year ended 30th September, 2022 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 submission of viable resolution plan 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. The ability of the Company to continue as a going concern is dependent on the acceptance of the resolution plan by the Committee of Creditors.

Based on the management's assessment and expectation that the RP will make every endeavor to protect and preserve the value of the property of the corporate debtor and manage its operations as a going concern, the financial result of the Company has been prepared on going concern basis.

c) Non- Assessment of Pending Litigations

Note 6 b) to the statement that 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 under section 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

d) Recognition of Deferred Tax Assets

Note 11 to the Statement that the Company had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31st March, 2018 expecting adequate future taxable profits to the Company against which the deferred tax assets can be realized, which is solely dependent on the acceptance of the resolution plan. However, the Company has not recognized further deferred tax assets thereafter on prudent basis.

e) Non-adjustment of the Carrying Value of the Investments

Note 13 to the Statement regarding invocation of pledge over 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited held by the Company, by the Lender Bank of the Subsidiary Company i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Subsidiary Company. The Company has objected to such invocation vide their letter dated 15th December, 2020. The company filed for compensation for such invocation at average cost price amounting to Rs 40.79 Cr, and the said claim has been accepted by the Resolution Professional of the Subsidiary Company, the Company has not made any adjustment to the carrying value of its investment in the Subsidiary Company.



g) Recognition of Interest Expense

In earlier years, the Company had not recognized interest expense on Bank Borrowings and Inter-Corporate Borrowings till the financial year ended 31st March, 2022. As referred in **Note 9** of the Statement, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,86,298.03 lakhs out of which claims lodged by lenders banks and other financial creditors amounting to Rs. 3,70,024.68 lakhs (including interest) & Rs.1,13,950.53 lakhs have been finally admitted by IRP/RP and remaining amount is under verification. During the current period, the company has recognized the interest expense till 30th September, 2022 under the head 'Finance Charges' amounting to Rs. 1,12,898.33 Lakhs (including Rs 96,472.63 lakhs related to earlier years) as estimated by the management. In addition to that further provision of Rs. 59,000.00 lakhs need to be provided to match with such claims after verification, if required.

Our conclusion is not modified in respect of these matters.

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




(V.K.SINGHI)
Partner

Place: Kolkata
Date: 12th November, 2022

Membership No. 050051
UDIN: 22050051BCYEAD9073

McNally Bharat Engineering Company Limited
Standalone Balance Sheet as at 30th September, 2022

Particulars	As at 30th September, 2022	As at 31st March, 2022
	Unaudited	Audited
ASSETS		
Non-current Assets		
Property, plant and Equipment	1,826.16	2,002.15
Right to use Assets	129.96	162.45
Capital work-in-progress	462.62	462.62
Other Intangible Assets	57.65	47.15
Financial Assets		
i. Investments	18,050.68	18,051.51
ii. Other Financial Assets	15.06	14.58
Deferred tax assets	51,706.60	51,706.60
Other Non-current Assets	-	-
Total Non-current Assets	72,248.72	72,447.06
Current Assets		
Inventories	162.49	165.82
Financial Assets		
i. Trade Receivables	85,277.76	95,549.56
ii. Cash and cash equivalents	1,841.57	2,412.41
iii. Bank balances other than (ii) above	-	-
iv. Loans	1,744.38	1,744.38
v. Other financial assets	35,651.74	36,098.11
Current Tax Assets (net)	958.42	873.43
Other current assets	44,751.31	45,883.52
Total Current Assets	1,70,387.66	1,82,727.23
Total Assets	2,42,636.38	2,55,174.29
EQUITY AND LIABILITIES		
Equity		
Equity share capital	21,157.08	21,157.08
Other equity	(1,51,817.68)	(22,796.45)
Total Equity	(1,30,660.61)	(1,639.37)
LIABILITIES		
Non-current Liabilities		
Financial Liabilities		
i. Borrowings	15,528.12	14,788.69
ii Lease Liability	56.55	88.88
Provisions	185.22	203.34
Total Non-current Liabilities	15,769.90	15,080.91
Current Liabilities		
Financial Liabilities		
i. Borrowings	3,19,542.66	2,03,148.79
ii Lease Liability	87.60	87.60
iii. Trade payables		
Total outstanding dues of micro enterprises and small enterprises	165.46	193.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	22,032.10	21,551.40
iv. Other financial liabilities	11,278.35	11,480.54
Provisions	78.95	78.95
Other current liabilities	4,341.97	5,191.51
Total Current Liabilities	3,57,527.09	2,41,732.75
Total Liabilities	3,73,296.99	2,56,813.66
Total Equity and Liabilities	2,42,636.38	2,55,174.29

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Srinivash Singh
Director (Suspended)
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Ravi Sethia
Resolution Professiona
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19/

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGO LANE, Kolkata 700 001
Web:www.mcnallybharat.com, Email id: mbecal@mbeci.co.in, Phone no: (033) 3014-1111
Statement of unaudited Standalone Financial Results for the half year ended 30th September, 2022

SL.No	Particulars	(Rs. in Lakhs, unless otherwise stated)					
		Three months ended			Six months ended		Year ended
		30 September, 2022	30 June 2022	30 September 2021	30 September, 2022	30 September, 2021	31 March, 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	Revenue from operations						
	(a) Net sales/ Income from operations	4,408.03	5,157.54	6,234.33	9,565.57	12,404.70	24,729.89
	(b) Other operating income	23.97	32.66	80.94	56.63	97.75	540.85
	Total income from operations	4,432.00	5,190.20	6,315.27	9,622.20	12,502.45	25,270.74
2	Other income	1,085.22	1,071.04	1,217.03	2,156.26	2,095.81	6,285.94
3	Total income (1+2)	5,517.23	6,261.24	7,532.30	11,778.47	14,598.26	31,556.68
4	Expenses						
	(a) Cost of materials consumed	2,029.50	3,188.95	1,528.26	5,218.45	3,184.42	12,006.63
	(b) Outsourcing expenses to job workers	4,246.14	1,640.20	2,594.29	5,886.34	5,534.48	11,819.90
	(c) Employee benefits expense	918.22	1,011.64	1,123.26	1,929.86	2,187.13	4,407.30
	(d) Finance costs	14,320.93	1,01,980.76	1,153.58	1,16,301.69	2,065.46	4,660.53
	(e) Depreciation and amortization expense	107.39	100.41	136.58	207.80	269.45	609.45
	(f) Other expenses	7,776.45	2,761.06	1,025.19	10,537.51	2,829.41	5,767.10
	Total expenses	29,398.63	1,10,683.03	7,561.16	1,40,081.66	16,070.35	39,270.91
5	Profit/(Loss) before tax (3-4)	(23,881.40)	(1,04,421.79)	(28.86)	(1,28,303.19)	(1,472.09)	(7,714.23)
6	Tax expenses:						
	Deferred tax	-	-	-	-	-	-
7	Profit/(Loss) for the period/year (5-6)	(23,881.40)	(1,04,421.79)	(28.86)	(1,28,303.19)	(1,472.09)	(7,714.23)
8	Other comprehensive income						
	(a) Items that will not be reclassified to profit or loss	10.70	10.70	4.44	21.40	8.88	42.79
	Total other comprehensive income (net of income tax)	10.70	10.70	4.44	21.40	8.88	42.79
9	Total comprehensive income for the period/year (7+8)	(23,870.70)	(1,04,411.09)	(24.42)	(1,28,281.79)	(1,463.21)	(7,671.44)
10	Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08
11	Reserves excluding revaluation reserve	-	-	-	-	-	(22,796.45)
12	Earnings per share (of Rs. 10/- each) (not annualised):						
	Basic	(11.29)	(49.36)	(0.01)	(60.64)	(0.69)	(3.65)
	Diluted	(11.29)	(49.36)	(0.01)	(60.64)	(0.69)	(3.65)

Also refer accompanying notes to the financial results.

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Srinivash Singh
Director (Suspended)
00789624

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



McNally Bharat Engineering Company Limited
Standalone Statement of cash flows for the half year ended 30th September 2022

(All amounts are in Rs. Lakhs, unless otherwise s.

Particulars	Half Year ended 30th September, 2022	Half Year ended 30th September, 2021
Cash flow from operating activities		
Profit/(Loss) before income tax	(1,28,303.19)	(1,463.21)
Adjustments for:		
Depreciation	207.80	269.45
Finance Cost	1,12,912.22	2,065.46
Interest Income	(2,083.33)	1,608.98
Loss/(Profit) on Disposal of Fixed Assets (Net)	0.68	-
Provision for Bad & Doubtful Debts/Claims	-	-
Expected credit loss provided for/(written back)	9,496.02	488.74
Receivables written off	12.20	-
Liability no longer required written back	-	-
Provision for Doubtful Debts against expenses recoverable	3,389.46	-
Provision for Future Foreseeable Losses in Construction Contracts	(421.58)	(221.77)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(23.04)	2.60
Net (gain)/loss on financial assets measured at fair value through profit or loss	0.83	(17.17)
Change in operating Assets and Liabilities:		
(Increase)/Decrease in trade receivables	798.82	2,873.54
(Increase)/Decrease in inventories	3.33	15.18
Increase/(Decrease) in trade payables	452.21	(71.26)
(Increase)/Decrease in other financial assets	(872.44)	(8,407.75)
(Increase)/decrease in other non-current assets	-	0.34
(Increase)/decrease in other current assets	1,132.21	271.43
Increase/(decrease) in provisions	403.47	19.18
Increase/ (decrease) in other financial liabilities	(213.14)	266.05
Increase/ (decrease) in other liabilities	(849.53)	530.62
Cash generated from operations	(3,957.01)	(1,769.21)
Income taxes (paid)/Refund	(84.99)	3,484.00
Net cash inflow / (outflow) from operating activities	(4,041.99)	1,714.79
Cash flows from investing activities		
Purchase of property, plant and equipment	(10.50)	(7.02)
Deposits matured/(made) during the year	-	55.12
Net cash inflow / (outflow) from investing activities	(10.50)	48.10
Cash flows from financing activities		
Proceeds from borrowings	3,481.64	1,561.37
Interest paid	-	(2,065.46)
Net cash inflow / (outflow) from financing activities	3,481.64	(504.09)
Net increase / (decrease) in cash and cash equivalents	(570.85)	1,258.81
Cash and cash equivalents at the beginning of the financial year	2,412.41	2,722.85
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	1,841.56	3,981.66

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

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Srinivash Singh
Director (Suspended)
00789624



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Ravi Sethia
Resolution Professional
(Taken on Record)

IBBI/IPA-001/IP-P01305/2018-19/12052

McNally Bharat Engineering Company Limited

Notes to the Statement of Standalone Unaudited Financial Results for the quarter and half year ended 30th September, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing off, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) had been appointed as the Interim Resolution Professional (IRP). Subsequently, Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) has been appointed as Resolution Professional (RP). Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vest in the IRP/Resolution Professional (RP).
2. Committee of Creditors (COC) have been constituted on 25.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP.
3. NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the RP.
4. The Company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and submission of viable resolution plan by the prospective investor. Under the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the Company as going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the Company is possible in the foreseeable future. The IRP/RP is shall endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the company have been prepared on going concern basis.
5. The above financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee and approved in the meeting of Board of Directors held on 12th November, 2022 and chaired by Mr. Asim Barman at the behest of RP. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon the Board in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.



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6. a) There shall be moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub section (1) of section 31 of the IBC or pass an order for liquidation of Corporate Debtors under section 33 of the IBC, as the case may be.
- b) The Company had received regulatory Enquiries /Notices/ Summons /Show-Cause/Demand/ Orders from various government authorities such as Goods and Services Tax, Income Tax. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in these statements as of now.
7. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per IND AS 108-Operating Segments.
9. The Company has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks stopped debiting interest on their outstanding debts. Accordingly, the Company had not recognised interest expense on the borrowings including Inter Corporate Deposits. Lenders/Financial creditors have submitted the claims to the IRP/RP amounting to Rs 5,86,298.03 lakhs (including interest) out of which claims lodged by lenders banks and other financial creditors amounting to Rs. 3,70,024.68 lakhs (including interest) & Rs.113950.53 lakhs have been finally admitted by IRP/RP and remaining amount is under verification. The company has provided interest till 30th Sept, amounting to Rs 112898.33 Lakhs (including Rs 96,472.63 Lakhs related to earlier years) has been recognised as estimated by management during the quarter under the head 'Finance Charges'. In addition to that further provision of Rs. 59000.00 lakhs need to be provided to match with such claims after verification if required and claims of two other financial creditors to be restored to Rs. 98592.96 lakhs by full reversal of fair value gain recognised earlier in books as reserve. The claims have been recently finalized and the company is in the process of evaluating and making the necessary adjustments to reconcile the financial creditors claims with the books of account.
10. Other equity includes Rs 83,064.81 lakhs (83,804.25 lakhs as on 31st March, 2022) fair valuation gain on account of deferred repayment of Inter Corporate Deposit amounting to Rs 98,592.94 lakhs considered as part of "Other Reserves". Therefore, Rs 15,528.12 lakhs (14,788.69 lakhs as on 31st March, 2022) have been considered as "Long term borrowings" under the head Non-Current Borrowings. The lender has lodged the claim with IRP/RP which is under process.
11. The Company had recognised Deferred Tax Assets amounting to Rs 517,06.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds coming to the Company with the Investors/ lenders support there will be adequate future taxable profits



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available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.

12. Trade Receivables, Other Financial Assets including Claims recoverable (BG encashed) and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. The management, however, does not expect any material variation in totality. Management is also hopeful for recovery/realisation of receivables which include Rs 40233.63 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business of the holding company, hence no impairment has been considered at this stage.
13. a) The Company in earlier years had pledged 23,37,211 Equity Shares of its subsidiary McNally Sayaji Engineering Limited (MSEL) against term loan facilities availed by the said subsidiary. During the quarter ended 31st December, 2020, ICICI Bank Limited has invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer.
- b) The Company has also filed a claim amounting to Rs 73.75 Cr including of invocation of pledged shares with Resolution Professional of MSEL in March, 2021 against receivables, advances and also compensation for such invocation at average cost price of shares of MSEL amounting to Rs 40.79 Cr, and accordingly, the Company has not made any impairment to the carrying value of Investments/ Receivables from MSEL as on 30th Sept, 2022 pending approval of Resolution from COC of the said Subsidiary.
14. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
15. Figures for the previous quarters/ periods have been regrouped/ rearranged wherever considered necessary.

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Srinivash Singh
Director (Suspended)
DIN No: 00789624

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

Place : Kolkata

Dated : 12th November, 2022



Independent Auditor's Report on Limited Review of the Unaudited Consolidated Financial Results for the quarter and half year ended 30th September, 2022 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report
The Resolution Professional of
McNally Bharat Engineering Company Limited
Four Mangoe Lane, Surendra Mohan Ghosh Sarani
Kolkata - 700001**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter and half year ended 30th September, 2022 ("the Statement"), being compiled and submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



5. Basis for Adverse Conclusion

a) Non-Recognition of Interest Expense

One out of its four subsidiaries, McNally Sayaji Engineering Limited ("MSEL") has not recognized interest expense on Bank Borrowings amounting to Rs. 9,552 Lakhs and on Inter-Corporate Borrowings amounting to Rs. 2,146 Lakhs upto September, 2022. CIRP had been initiated against MSEL on and from 11th February, 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded on MSEL's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Holding Company, McNally Bharat Engineering Company Limited against which MSEL had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims. As a result, finance Costs, liability on account of interest and total comprehensive loss for the period ended 30th September, 2022 are understated to that extent.

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

b) Trade Receivables and Other Current Assets

We draw attention to **Note 13** to the statement regarding Trade Receivables, Other Financial Assets including Claims recoverable (BG encashed) and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.

c) Other Equity

Note 11 to the Statement regarding Other equity which includes Rs 83,064.81 lakhs (83,804.25 lakhs as on 31st March, 2022) fair valuation gain on account of deferred repayment of Inter Corporate Deposit amounting to Rs 98,592.94 lakhs considered as part of "Other Reserves". Therefore, Rs 15,528.12 lakhs (14,788.69 lakhs as on 31st March, 2022) have been considered as "Long term borrowings" under the head Non-Current Borrowings.

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



7. Emphasis of Matters

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

a) Appointment of Interim Resolution Professional

Note 1 to the Statement wherein it has been informed 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. Subsequently, NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP).

b) Material Uncertainty related to Going Concern

Note 4 to the Statement that the Group has incurred a net loss of Rs 24,063.07 lakhs (before comprehensive income) during the quarter ended 30th September, 2022. It was unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding Company and one subsidiary, MSEL, are under CIRP hence ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and submission of viable resolution plan 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. The ability of the Group to continue as a going concern is dependent on the acceptance of the resolution plan by the Committee of Creditors.

Based on the management's assessment and expectation that the RP will make every endeavor to protect and preserve the value of the property of the corporate debtor and manage its operations as a going concern, the financial statements of the Group have been prepared on going concern basis.

c) Non- Assessment of Pending Litigations

Note 6 b) to the Statement that the Holding Company has 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 under section 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Holding Company till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

d) Recognition of Deferred Tax Assets

Note 12 to the Statement regarding the Group's recognition of deferred tax assets of Rs. 57,940.49 lakhs up to 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets could be realized, which is solely dependent on the acceptance of the resolution plan.



However, the Group has not recognized further deferred tax assets for the quarter as well as for the preceding years on prudent basis.

e) The Statement includes the results of the following except (iv) below:

i) Wholly Owned Subsidiary Companies of the Holding Company

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

ii) Subsidiary Company of the Holding Company

- Mcnally Sayaji Engineering Limited

iii) Step- down subsidiary of the Holding Company

- MBE Coal & Mineral Technology India Private Limited (Wholly Owned Subsidiary of Mcnally Sayaji Engineering limited)

iv) Joint Ventures of Holding Company

- EMC MBE Contracting Company LLC
- Mcnally-Trolex
- Mcnally-AML
- Mcnally-Trolex-Kilburn

g) Recognition of Interest Expense

In earlier years, the Holding Company had not recognized interest expense on Bank Borrowings and Inter-Corporate Borrowings till the financial year ended 31st March, 2022. As referred in **Note 10** to the Statement, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,86,298.03 lakhs out of which claims lodged by lenders banks and other financial creditors amounting to Rs. 3,70,024.68 lakhs (including interest) & Rs.1,13,950.53 lakhs have been finally admitted by IRP/RP and remaining amount is under verification. During the current period, the company has recognized the interest expense till 30th September, 2022 under the head 'Finance Charges' amounting to Rs. 1,12,898.33 Lakhs (including Rs 96,472.63 lakhs related to earlier years) as estimated by the management. In addition to that further provision of Rs. 59,000.00 lakhs need to be provided to match with such claims after verification, if required.

Our conclusion is not modified in respect of these matters.



8. Other Matters

The Statement includes the Consolidated Financial Results of one Subsidiary, whose Consolidated Financial Results reflect Group's share of total revenue of Rs. 4,286 Lakhs for the quarter ended 30th September, 2022, and Group's share of total net loss of Rs. 172 Lakhs for the quarter ended 30th September, 2022, as considered in the Consolidated Financial Results, which have been considered by us. Our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on our report and the audit procedures performed by us.

The Consolidated Financial Results include the unaudited Financial Information/Results of two foreign subsidiaries and one Indian subsidiary whose Interim Financial information/results reflect, Group's share of total revenue of Rs. Nil for the quarter ended 30th September, 2022 and Group's share of total net loss of Rs. 0.30 Lakhs for the quarter ended 30th September, 2022, as considered in the Statement. These unaudited Financial Information/Results have been furnished to us by the Board of Directors and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited interim Financial Information/Results. In our opinion and according to the information and explanations given to us by the Board of Directors, these Interim Financial Information/results are not material to the Group.

We draw attention to Note 8 to the Statement that the results of the Joint Venture of the Holding Company i.e., EMC MBE Contracting Company LLC, Mcnally-Trolex, Mcnally -AML and Mcnally -Trolex-Kilburn whose carrying value in the Financial Results of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

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

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




(V.K.SINGHI)
Partner

Membership No. 050051
UDIN: 22050051BCYEMX7752

Place: Kolkata
Date: 12th November, 2022

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGO LANE, Kolkata 700 001
Web: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 6628-1213
Consolidated Statement of Assets and Liabilities as at 30th September, 2022

Rs in lacs unless otherwise stated

Particulars	As at 30th September 2022 (Unaudited)	As at 31st March 2022 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	13,554.16	13,473.15
Right to use assets	129.96	339.45
Capital work-in-progress	482.62	482.62
Goodwill	1,162.64	1,162.64
Other Intangible assets	62.65	53.15
Investment Properties	-	355.42
Financial assets		
i. Investments	117.01	117.84
ii. Trade receivables	706.00	939.00
iii. Other financial assets	716.06	784.58
Deferred tax assets	57,940.60	57,940.49
Other non-current assets	134.00	134.00
Total non-current assets	75,005.70	75,782.34
Current assets		
Inventories	5,284.49	5,465.82
Financial assets		
i. Trade receivables	89,006.43	99,252.23
ii. Cash and cash equivalents	4,717.74	4,502.27
iii. Bank balances other than (ii) above	299.00	116.00
iv. Loans	1,908.72	1,852.46
v. Other financial assets	36,371.48	36,818.85
Current tax assets (net)	1,224.42	1,101.67
Other current assets	43,601.12	44,996.32
Total current assets	1,82,413.40	1,94,105.62
Total assets	2,57,419.10	2,69,887.96
EQUITY AND LIABILITIES		
Equity		
Equity share capital	21,157.08	21,157.08
Other equity		
Reserves and surplus	(1,66,998.30)	(38,464.98)
Equity attributable to owners of the Holding Company	(1,45,841.22)	(213.14)
Non-controlling interests	1,174.73	1,315.51
Total equity	(1,44,666.49)	1,018.37
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
i. Borrowings	14,788.12	14,788.69
ii. Lease Liabilities	218.55	257.88
iii. Trade payables		
-Total outstanding dues of Micro, Small and Medium Enterprises	-	-
-Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	-	-
iv. Other Financial Liabilities	-	-
Provisions	667.22	695.34
Total non-current liabilities	15,673.89	15,741.91
Current liabilities		
Financial Liabilities		
i. Borrowings	3,41,773.69	2,21,493.72
ii. Lease Liabilities	129.60	129.60
iii. Trade payables		
-Total outstanding dues of Micro, Small and Medium Enterprises	479.92	540.96
-Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	25,582.23	25,322.35
iii. Other financial liabilities	12,805.00	16,737.01
Other current liabilities	5,414.31	5,767.85
Provisions	226.95	230.95
Total current liabilities	3,86,411.70	2,70,222.44
Total liabilities	4,02,085.59	2,85,964.35
Total equity and liabilities	2,57,419.10	2,86,982.72

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



Particulars	For The Three months ended			Half year ended		For The Year ended
	30th September, 2022	30th June, 2022	30th September, 2021	30th September, 2022	30th September, 2021	31st March 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Revenue from operations	8,745.74	9,167.46	10,897.26	17,913.20	20,013.54	42,426.74
2 Other income	1,185.50	1,100.76	1,269.05	2,286.26	2,153.43	7,120.37
3 Total income (1+2)	9,931.24	10,268.22	12,166.31	20,199.46	22,166.97	49,547.11
4 Expenses						
(a) Cost of materials consumed	4,084.81	5,530.64	3,606.76	9,615.45	6,584.51	21,422.63
(b) Changes in Inventories of work-in-progress and finished goods	431.58	(148.58)	351.88	283.00	405.00	(208.00)
(c) Outsourcing expenses to job workers	4,246.14	1,640.20	2,594.29	5,886.34	5,534.48	11,819.90
(d) Employee benefits expense	1,621.41	1,703.45	1,814.58	3,324.86	3,605.13	7,183.30
(e) Finance costs	14,413.59	1,02,066.10	1,257.24	1,16,479.69	2,261.46	5,092.53
(f) Depreciation and amortisation expense	267.38	260.42	298.52	527.80	597.45	1,272.45
(g) Other expenses	8,929.40	3,782.41	2,100.53	12,711.81	4,629.10	11,966.65
Total expenses	33,994.31	1,14,834.65	12,023.80	1,48,828.95	23,617.13	58,549.46
5 Profit / (Loss) before tax and Exceptional Items (3-4)	(24,063.07)	(1,04,566.43)	142.50	(1,28,629.49)	(1,450.16)	(9,002.35)
6 Exceptional Items	-	-	-	-	-	(3,075.00)
Profit / (Loss) before tax (5-6)	(24,063.07)	(1,04,566.43)	142.50	(1,28,629.49)	(1,450.16)	(12,077.35)
7 Tax expenses:						
(a) Current tax	-	-	-	-	-	-
(b) Provision Written Back	-	-	-	-	-	(22.00)
(c) Deferred tax	-	-	-	-	-	-
8 Profit / (Loss) for the period/year (5-6)	(24,063.07)	(1,04,566.43)	142.50	(1,28,629.49)	(1,450.16)	(12,055.35)
9 Other Comprehensive Income						
Items that will not be reclassified to profit or loss :						
(a) Remeasurements of Post-employment Defined Benefit Obligations	20.03	19.37	4.44	39.40	9.88	77.79
(b) Income tax relating to these items	-	-	-	-	-	-
Total other comprehensive income (net of income tax)	20.03	19.37	4.44	39.40	9.88	77.79
10 Total comprehensive income for the period/year (8+9)	(24,043.04)	(1,04,547.05)	146.94	(1,28,590.09)	(1,440.28)	(11,977.56)
11 Profit/(Loss) attributable to:						
Owners of the Holding Company	(24,029.62)	(1,04,539.77)	110.97	(1,28,569.39)	(1,454.21)	(11,254.61)
Non-Controlling interest	(33.42)	(26.67)	31.54	(60.10)	4.06	(800.74)
Total	(24,063.04)	(1,04,566.44)	142.50	(1,28,629.49)	(1,450.16)	(12,055.35)
12 Other Comprehensive income is attributable to :						
Owners of the Holding Company	18.31	17.77	4.08	36.08	9.70	71.34
Non-Controlling interest	1.72	1.60	0.36	3.32	0.18	6.45
Total	20.03	19.37	4.44	39.40	9.88	77.79
13 Total Comprehensive income is attributable to :						
Owners of the Holding Company	(24,011.31)	(1,04,522.00)	115.04	(1,28,533.31)	(1,444.52)	(11,183.28)
Non-Controlling interest	(31.70)	(25.07)	31.90	(56.78)	4.24	(794.28)
Total	(24,043.01)	(1,04,547.06)	146.94	(1,28,590.09)	(1,440.28)	(11,977.56)
14 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08
15 Reserve excluding revaluation reserve	-	-	-	-	-	(38,464.98)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):						
Basic (Rs.)	(11.36)	(49.41)	0.07	(60.77)	(0.69)	(5.32)
Diluted (Rs.)	(11.36)	(49.41)	0.07	(60.77)	(0.69)	(5.32)

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Srinivash Singh
 Director (Suspended)
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RAVI SETHIA
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Ravi Sethia
 Resolution Professional
 (Taken on Record)
 IBBI/PA-001/IP-P01305/2018-19/12052



Consolidated Statement of Cash Flows for the half year ended 30th September, 2022

Particulars	Half Year ended Sept 30, 2022	Half Year ended Sept 30, 2021
Cash flow from operating activities		
Profit before income tax	(1,28,629.49)	(1,441.28)
Adjustments for		
Depreciation	527.80	597.45
Finance Cost	1,13,090.22	2,223.46
Interest Income	(2,114.33)	1,600.98
Lease liability written back on transition to IND AS 116	-	11.00
Loss/(Profit) on Disposal of Fixed Assets (Net)	0.68	-
Provision for Bad & Doubtful Debts	10.00	89.00
Bad Debts Written Off	12.20	-
Expected credit loss provided for/(written back)	9,496.02	488.74
Liability no longer required written back	(17.00)	(6.00)
Provision No Longer Required Written Back	(59.00)	-
Provision for Warranty	(5.00)	43.00
Provision for Doubtful Debts against expenses recoverable	3,389.46	-
Provision for Future Foreseeable Losses in Construction Contracts	(421.58)	(221.77)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(39.04)	3.60
Net (gain)/loss on financial assets measured at fair value through profit or loss	0.83	(17.17)
(Increase)/Decrease in trade receivables	1,323.82	1,997.51
(Increase)/Decrease in inventories	181.33	390.18
Increase/(Decrease) in trade payables	886.21	(368.89)
Increase / (Decrease) in Employee Benefit Obligation	(65.00)	7.02
(Increase)/Decrease in other financial assets	(872.44)	(8,407.51)
(Increase)/decrease in other non-current assets	-	0.34
(Increase)/decrease in other current assets	1,132.21	425.22
Increase/(decrease) in provisions	403.47	19.18
Increase/ (decrease) in other financial liabilities	(213.14)	345.04
Increase/ (decrease) in other liabilities	(823.53)	353.53
Cash generated from operations	(2,805.30)	(1,867.37)
Income taxes (paid)/Refund	(123.99)	3,656.00
Net cash inflow / (outflow) from operating activities	(2,929.29)	1,789.03
Cash flows from investing activities		
Purchase of property, plant and equipment	(54.50)	(20.02)
Loans given during the year	(56.38)	-
Deposits matured/(made) during the year	(101.00)	55.12
Interest received	31.00	8.00
Net cash inflow / (outflow) from investing activities	(180.88)	43.10
Cash flows from financing activities		
Proceeds from borrowings	3,481.64	1,674.98
Repayment of borrowings	23.00	(8.00)
Interest paid	(178.00)	(2,223.46)
Net increase in Cash Credit Facilities including WCCL	-	590.00
Net cash inflow / (outflow) from financing activities	3,326.64	33.52
Net increase / (decrease) in cash and cash equivalents	216.47	1,865.65
Cash and cash equivalents at the beginning of the financial year	4,501.27	3,823.23
Effects of exchange rate changes on cash and cash equivalents	-	(95.56)
Cash and cash equivalents at end of the year	4,717.74	5,593.32

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

Cash and cash equivalents at the end of the period	4,717.74	5,593.32
Balances as per statement of cash flows	4,717.74	5,593.32

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Srinivash Singh
Director (Suspended)
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Ravi Sethia
Resolution Professional
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19



McNally Bharat Engineering Company Limited

Notes to the Statement of Consolidated Unaudited Financial Results for the quarter and half year ended 30th September, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing of, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the holding company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) had been appointed as the Interim Resolution Professional (IRP) in the holding company. Upon commencement of CIRP, the powers of the Board of Directors of the holding company stand suspended and management of the Company vest in the IRP/Resolution Professional (RP).
2. Committee of Creditors (COC) has been constituted on 25.05.2022 in respect of the holding company on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP for the holding company.
3. NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the RP.
4. The Holding company and its subsidiary McNally Sayaji Engineering Limited (MSEL) are under CIRP wherein the RP of the Holding company and MSEL have been managing the operations of these companies on a going concern basis. Under the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the holding company as going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the holding and such subsidiary company is possible in the foreseeable future. The IRP/RP shall endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the holding company have been prepared on going concern basis and consolidated.
5. The above financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee and approved in the meeting of Board of Directors held on 12th November, 2022 and chaired by Mr. Asim Barman on behalf of RP. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.



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6. a) There shall be moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub section (1) of section 31 of the IBC or pass an order for liquidation of Corporate Debtors under section 33 of the IBC for the Holding company, as the case may be.
- b) The holding company had received regulatory Enquiries /Notices/ Summons /Show-Cause/Demand/ Orders from various government authorities such as Goods and Services Tax, Income Tax. In view of the Holding company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Holding Company till the conclusion of CIRP. Therefore, no impact has been considered in these statements as of now.
7. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. The results of the Joint Ventures of the holding company i.e. EMC MBE Contracting Company LLC, McNally-Troxel, McNally-AML, and McNally-Troxel-Kilburn including their carrying value in the financial results of the Holding company is Rs. Nil (net of Impairment) and has not been considered in the Consolidated Financial Results.
9. The Holding company along with its subsidiaries 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.
10. i) The Holding Company and one of its subsidiaries has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks stopped debiting interest on their outstanding debts. Accordingly, the Company had not recognised interest expense on the borrowings including Inter Corporate Deposits. Lenders/Financial creditors have submitted the claims to the IRP/RP amounting to Rs 5,86,298.03lakhs(including interest) out of which claims lodged by lenders banks and other financial creditors amounting to Rs. 3,70,024.68 lakhs (including interest) & Rs.113950.53 lakhs have been finally admitted by IRP/RP. and remaining amount is under verification. The company has provided interest till 30th Sept, amounting to Rs 112898.33 Lakhs (including Rs 96,472.63 Lakhs related to earlier years) has been recognised as estimated by management during the quarter under the head 'Finance Charges'. In addition to that further provision of Rs. 59000.00 lakhs need to be provided to match with such claims after verification if required and claims of two other financial creditors to be restored to Rs. 98592.96 lakhs by full reversal of fair value gain recognised earlier in books as reserve. The claims have been recently finalized and the company is in the process of evaluating and making the necessary adjustments to reconcile the financial creditors claims with the books of account.



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ii) McNally Sayaji Engineering Limited has not recognized interest expense on Bank borrowings amounting to Rs.6747 Lakhs and Rs. 1260 Lakhs on Inter-Corporate Borrowings for the financial year ended 31st March, 2021. The CIRP has since been initiated against MSEL on and from 11th February, 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded on MSEL's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Holding Company, McNally Bharat Engineering Company Limited against which MSEL had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims

11. Other equity includes Rs 83,064.81 lakhs (83,804.25 lakhs as on 31st March, 2022) fair valuation gain on account of deferred repayment of Inter Corporate Deposit amounting to Rs 98,592.94 lakhs considered as part of "Other Reserves". Therefore, Rs 15,528.12 lakhs (14,788.69 lakhs as on 31st March, 2022) have been considered as "Long term borrowings" under the head Non-Current Borrowings. The lender has lodged the claim with IRP/RP which is under process.
12. The Holding Company along with its subsidiary had recognised Deferred Tax Assets amounting to Rs 57940.49 Lakhs up to 31st March, 2019. The Holding Company believes that based on the infusion of fresh funds coming to the holding company and its subsidiary with the Investors/lenders' 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.
13. Trade Receivables, Other Financial Assets including Claims recoverable (BG encashed) and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. The management, however, does not expect any material variation in totality. Management is also hopeful for recovery/realisation of receivables which include Rs 40233.63 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business of the holding company, hence no impairment has been considered at this stage.
14. a) The Holding Company in earlier years had pledged 23,37,211 Equity Shares of its subsidiary McNally Sayaji Engineering Limited (MSEL) against term loan facilities availed by the said subsidiary. During the quarter ended 31st December, 2020, ICICI Bank Limited had invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the subsidiary Company. The holding Company had objected to the invocation of the said share pledge and undervalued transfer.



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b) The Holding company has also filed a claim amounting to Rs 73.75 Cr including that of invocation of pledged shares with Resolution Professional of its subsidiary, McNally Sayaji Engineering Company Ltd (MSEL) in March, 2021 against receivables, advances and also compensation for such invocation at average cost price of shares of MSEL amounting to Rs 40.79 Cr, and accordingly, the holding company has not made any impairment to the carrying value of Investments/ Receivables from MSEL as on 30thSept, 2022 pending approval of Resolution from COC of the said Subsidiary.

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

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Resolution Professional

Place : Kolkata

Dated : 12th November, 2022

