



Prakash Shaw & Co.

Practicing Company Secretaries

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Secretarial Compliance Report of McNally Bharat Engineering Company Limited
for the financial year ended 31st March 2024

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* (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 2024, 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, Prakash Kumar Shaw, *Practicing Company Secretary*, have examined:

- (a) all the documents and records made available to me and explanation provided by *McNally Bharat Engineering Company Limited* ("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 2024 ("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:

- 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 |
|--------------------|---|--------------------------|------------|-----------------|--|----------------------|-------------|--|---------------------|---------|
| Refer Annexure - A | | | | | | | | | | |

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

| S. 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 |
|--------------------|---|--------------------------|------------|-----------------|--|----------------------|-------------|--|---------------------|---------|
| Refer Annexure - B | | | | | | | | | | |



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 | | |
| | <p>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</p> <p>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</p> <p>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.</p> | <p>N.A.</p> <p>N.A.</p> <p>N.A.</p> | <p>No such case was reported during the financial year under report.</p> <p>No such case was reported during the financial year under report.</p> <p>No such case was reported during the financial year under report.</p> |
| 2. | Other conditions relating to resignation of statutory auditor | | |
| | <p>i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee :</p> | N.A. | No such case was reported during the financial year under report. |
| | <p>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</p> | | |



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| <p>Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.</p> <p>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.</p> <p>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.</p> <p>ii. Disclaimer in case of non-receipt of information :</p> <p>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.</p> | | |
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| <p>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.</p> | <p>N.A.</p> | <p>No such case was reported during the financial year under report.</p> |
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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. | <p>Secretarial Standards:</p> <p>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.</p> | Yes | |
| 2. | <p>Adoption and timely updating of the Policies:</p> <ul style="list-style-type: none"> • 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 | |



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| 3. | <p>Maintenance and disclosures on Website:</p> <ul style="list-style-type: none"> • 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. | <p>Yes</p> <p>Yes</p> <p>Yes</p> | |
| 4. | <p>Disqualification of Director:</p> <p>None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.</p> | <p>No</p> | <p>1. As per the Resolution Plan approved by the NCLT vide its Order dated December 19, 2023, Mr. Aditya Khaitan (DIN No. 00023788) and Mr. Asim Kumar Barman (DIN No. 02373956) automatically ceased to be a director of the Company on and from 'effective date'.</p> <p>However, the terms of the approved Resolution Plan have not been implemented within the effective date as mentioned in the NCLT Order dated December 19, 2023 i.e a date no later than 60 (sixty) days from the Appointed Date.</p> |



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| | | | <p>2. The Regional Director (E.R), Ministry of Corporate Affairs served a Notice dated October 05, 2023 on the Company for Limited Inspection under Section 206(5) of the Companies Act, 2013, alleging that Mr. Aditya Khaitan incurred certain disqualification under Section 164(2) read with Section 167 of the Companies Act, 2013 and hence not eligible to continue his directorship in the Company. The matter is under consideration with the Regional Director.</p> <p>3. The Company is yet to receive Annual Declaration for the current year from the Directors for their qualification and for continuation as Directors in the Company as mandated under the provisions of the Companies Act, 2023 and SEBI LODR Regulations.</p> |
| 5. | <p>Details related to Subsidiaries of listed entities have been examined w.r.t.:</p> <p>(a) Identification of material subsidiary companies.</p> <p>(b) Disclosure requirement of material as well as other subsidiaries.</p> | <p>Yes</p> <p>N.A.</p> | <p>During the financial year under report, the Company had one</p> <p>(1) Indian subsidiary and two</p> <p>(2) overseas subsidiaries which were not 'material subsidiaries' as on 31st March 2024.</p> |



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| 6. | <p>Preservation of Documents:</p> <p>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.</p> | Yes | |
| 7. | <p>Performance Evaluation:</p> <p>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.</p> | No | <p>No Board Evaluation has been conducted during 2023-24 since the Board remained suspended vide NCLT Order w.e.f. 29th April 2022 till 18th December, 2023 as the Company was under Corporate Insolvency Resolution Process.</p> |



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| 8. | <p>Related Party Transactions:</p> <p>(a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or</p> <p>(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.</p> | <p>N.A.</p> <p>N.A.</p> | <p>The Board of Directors and the Committees stood suspended since the Company was under Corporate Insolvency Resolution Process.</p> <p>As informed by the Management all related party transactions were approved / ratified by the Committee of Creditors under advice of Resolution Professional.</p> |
| 9. | <p>Disclosure of events or information:</p> <p>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.</p> | <p>Yes</p> | |
| 10. | <p>Prohibition of Insider Trading:</p> <p>The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.</p> | <p>No</p> | <p>The Company has a Structured Digital Database in place; however, implementation of various provisions of the said Regulation is still under process.</p> |



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| 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. | No | BSE Limited ("BSE) and National Stock Exchange of India Limited ("NSE") have levied SOP fines in respect of the Corporate Governance Report filed for the quarter ended December 31, 2023 and March 31, 2024 for violations incurred under Regulation 17, 18, 19 & 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| 12. | Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/ circular/ guidance note etc. | Yes | |

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.

Place: Kolkata
 Dated: 30.05.2024



Prakash Shaw
 Prakash Kumar Shaw
 Practicing Company Secretary
 ACS – 32895 / CP No. 16239
 PRCN: 3022/2023
 UDIN: A032895F000499416

- 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 31.03.24. | - | - | 87.03 % of the shareholding of promoter (s) and promoter group is in dematerialized form as on 31.03.2024 | - | The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2024 | 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. | - |



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| 2. | SEBI (LODR) Regulations, 2015 | Regulation 17(1) | Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director | BSE Ltd. & National Stock Exchange of India Ltd. | SOP Fines by BSE Ltd. & National Stock Exchange of India Ltd. | Non-compliance with the requirements pertaining to the composition of the Board including failure to appoint woman director | 455000* (By each Stock Exchange) | The composition of the Board of Directors of the Listed Entity is not as per Regulation 17(1) of the SEBI LODR Regulations. The Listed Entity is yet to appoint a woman director. | | |
| 3. | SEBI (LODR) Regulations, 2015 | Regulation 17(2A) | Non-compliance with the requirements pertaining to quorum of Board meetings. | BSE Ltd. & National Stock Exchange of India Ltd. | SOP Fines by BSE Ltd. & National Stock Exchange of India Ltd. | Non-compliance with the requirements pertaining to quorum of Board meetings. | 10000* (By each Stock Exchange) | The Board of Directors of the Listed Entity does not have a proper strength to form a quorum of Board / Committee meetings. | | |



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| 4. | SEBI (LODR) Regulations, 2015 | Regulation 18(1) | Non-compliance with the constitution of audit committee | BSE Ltd. & National Stock Exchange of India Ltd. | SOP Fines by BSE Ltd. & National Stock Exchange of India Ltd. | Non-compliance with the constitution of audit committee | 182000* (By each Stock Exchange) | The composition of the Audit Committee of the Listed Entity is not as per Regulation 18(1) of the SEBI LODR Regulations. | | |
| 5. | SEBI (LODR) Regulations, 2015 | Regulation 19(1)/19(2) | Non-compliance with the constitution of nomination and remuneration committee | BSE Ltd. & National Stock Exchange of India Ltd. | SOP Fines by BSE Ltd. & National Stock Exchange of India Ltd. | Non-compliance with the constitution of nomination and remuneration committee | 182000* (By each Stock Exchange) | The composition of the Nomination & Remuneration Committee of the Listed Entity is not as per Regulation 19(1)/(2) of the SEBI LODR Regulations. | | |
| 6. | SEBI (LODR) Regulations, 2015 | Regulation 20(2) / (2A) | Non-compliance with the constitution of stakeholder relationship | BSE Ltd. & National Stock Exchange of India | SOP Fines by BSE Ltd. & National Stock Exchange | Non-compliance with the constitution of stakeholder | 182000* (By each Stock Exchange) | The composition of the Stakeholder Relationship Committee of | | |



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| | | | committee | Ltd. | of India Ltd. | relationship committee | e) | the Listed Entity is not as per Regulation 18(1) of the SEBI LODR Regulations. | | |
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* The above fines are lived by the Stock Exchange(s) for the quarter ended March 31, 2024. A similar fine had already been levied and paid by the Company for the quarter ended December 31, 2023 for which a waiver application has been filed which is under process.



(b) 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 31.03.2023. | - | - | 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. | - |



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|----|-------------------------------|---|---|---|---|---|---|--|--|---|
| 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 12.07.2022. | - |
| 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. | - |

