

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@mbecol.co.in Website: www.mcnallybharat.com

Registered Office: 4 Mangoe Lane Kolkata-700001

30th May 2022

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,

Sub: Outcome of Meeting held on 30th May 2022

Ref: Regulation 30 and 33 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“Listing Regulations”)

Scrip Code/Symbol: 532629 / MBECL

Reference our letter dated 23rd May 2022 intimating date of meeting, please be informed that the Board of Directors (under CIRP) and Mr. Anuj Jain, Interim Resolution Professional, in the matter of McNally Bharat Engineering Company Limited at its meeting held on 30th May 2022 has *inter alia* approved and taken on record the Audited Standalone and Consolidated Financial Results of the Company for the Quarter and Financial Year ended 31st March 2022, copy of the same enclosed herewith.

Further enclosed the Auditor’s Report on the Standalone and Consolidated Financial Results of the Company for the Quarter and Financial Year ended 31st March 2022.

Further enclosed the Statement on Impact of Audit Qualifications (for Audit Report with Modified Opinion) on Standalone and Consolidated Financial Results in the prescribed format for the financial year ended on 31st March 2022.

Board Meeting commenced at 4.30 PM and concluded at about 9.20 PM.

McNally Bharat Engineering Company Limited

Continuation Sheet - 1

This Notice is being uploaded on the Company website www.mcnallybharat.com and send for Newspaper publication.

Kindly take this into your records and host in your website.

Yours faithfully

For **McNally Bharat Engineering Company Limited**



Indrani Ray

Company Secretary

Encl: As above

(McNally Bharat Engineering Company Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code 2016. Its affairs, business and assets are being managed by the Interim Resolution Professional, Mr. Anuj Jain, appointed by the National Company Law Tribunal by order dated 29th April 2022 under the provisions of the Code.)

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

Member  Williamson Magor Group

V.SINGHI & ASSOCIATES
Chartered Accountants

Phone: 2230 3963
2210 1125
E-mail: vsinghiandco@gmail.com
Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata – 700 001

Independent Auditor's Report on the Standalone Annual Financial Results of McNally Bharat Engineering Company Limited for the quarter and year ended 31st March, 2022 pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

**The Interim Resolution Professional of
McNally Bharat Engineering Company Limited**

Report on the Audit of the Standalone Financial Results

1. Adverse Opinion

We have audited the accompanying Standalone Financial Results ("the Statement") of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Company") for the quarter and year ended on 31st March, 2022, being compiled and 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").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. Except for the matter dealt with in Basis for Adverse Opinion Para No-2 given below, has been presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard, and
- b. Due to the significance of the matter described in the Basis for Adverse Opinion Para No-2 given below, does not give a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net loss, total comprehensive income and other financial information for the quarter and the year ended on 31st March, 2022.



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2. Basis for Adverse Opinion

a) Non-Recognition of Interest Expense

The Company has not recognized interest expense on Bank borrowings and Inter-Corporate Borrowings for the financial year ended 31st March, 2022 as referred in **Note 9** of the Statement. Total interest not recognised by the company is Rs 96,472.63 lakhs till 31st March, 2022 as per management estimates. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including Interest) out of which claims lodged by lender banks amounting to Rs 3,61,281.37 lakhs (including Interest) have been provisionally admitted by IRP. As a result, finance costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 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 12** to the Statement regarding Trade Receivables, Other Financial Assets and Other Current Assets 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;

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* 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 Results 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.



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3. 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 Company vide an order dated 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and are exercisable by the Interim Resolution Professional, Mr. Anuj Jain.

b) Material uncertainty related to Going Concern

Note 4 to the Statement that the Company has incurred a net loss of Rs.7714 Lakhs during the financial year ended 31st March, 2022 and that it was 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.

Note 3 to the Statement that Hon'ble Calcutta High Court by an order dated 2nd March, 2022, has restrained the company from dealing with the banks which has affected operations of the company severely. The company has filed a petition before the Hon'ble Calcutta High Court for withdrawal of the above order since CIRP process has been initiated on the company.

Based on the management's assessment and expectation that the IRP/RP will make every endeavor to protect and preserve the value of 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.



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c) Non-Assessment of Pending Litigations

We draw attention to **Note 6 b)** Pertaining to the Company's receipts of 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

We draw attention to **Note 11** of the Statement regarding the Company's recognition of deferred tax assets of Rs. 51,706.60 Lakhs upto 31st March, 2018 expecting adequate future taxable profits to the Company against which the deferred tax assets could be realized, which is solely dependent on the acceptance of the resolution plan. However, the Company has not recognized further deferred tax assets for the year as well as for the preceding years on prudent basis.

e) Non-adjustment of the carrying value of the Investments

We draw attention to **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 its 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 as the said claim is under verification 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.

f) Other Equity

We draw attention to **Note 10** of the Statement regarding Other equity which includes Rs 83,804.25 lakhs (85,148.70 lakhs as on 31st March, 2021) 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 14,788.69 lakhs (13,444.26 lakhs as on 31st March, 2021) have been considered as "Long term borrowings" under the head Non-Current Borrowings.

Our opinion is not modified in respect of these matters.



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4. Management's Responsibilities for the Standalone Financial Results

In view of ongoing Corporate Insolvency Resolution process ('CIRP'), the Interim Resolution Professional ('IRP'), is responsible for the preparation and presentation of these Standalone Financial Results that give a true and fair view of the loss and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 judgements 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 Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors and respective management under the IRP 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 Board of Directors and respective management under the IRP are also responsible for overseeing the Company's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results 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 Results.



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 Results, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and respective management under the IRP.
- Conclude on the appropriateness of the Board of Director and respective management under the IRP'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 Financial Results 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 Results, including the disclosures, and whether the Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.



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

6. Other Matters

- (i) The Standalone Financial Results include the results for the quarter ended 31st March, 2022 being the derived figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year which were reviewed by us.

Our opinion is not modified in respect of these matters.

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



(V. K. SINGHI)
Partner

Membership No.: 050051
UDIN: 22050051AJYAFS8789

Place: Kolkata
Date: 30-05-2022

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MCNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGOE LANE, Kolkata 700 001
Web: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 3014-1111
Statement of Audited Standalone Financial Results for the quarter and year ended 31 March, 2022

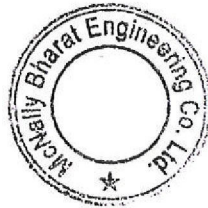
(Rs. in Lakhs. unless otherwise stated)


Particulars	Three months ended			Year ended	
	31 March, 2022	31 December 2021	31 March 2021	31 March, 2022	31 March, 2021
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1 Revenue from operations					
(a) Net sales/ Income from operations	5,233.27	7,091.92	11,924.12	24,729.89	33,138.65
(b) Other operating income	162.71	280.39	69.56	540.85	139.68
Total income from operations	5,395.98	7,372.31	11,993.68	25,270.74	33,278.33
2 Other Income	2,177.56	2,012.57	138.39	6,285.94	2,589.15
3 Total income (1+2)	7,573.54	9,384.88	12,132.07	31,556.68	35,867.48
4 Expenses					
(a) Cost of materials consumed	5,428.34	3,393.87	5,101.92	12,006.63	13,608.72
(b) Outsourcing expenses to job workers	3,599.03	2,686.39	3,007.47	11,819.90	12,280.65
(c) Employee benefits expense	1,081.21	1,138.96	1,212.07	4,407.30	4,559.99
(d) Finance costs	1,310.72	1,284.35	326.04	4,660.53	4,227.62
(e) Depreciation and amortization expense	139.08	200.92	124.89	609.45	673.90
(f) Other expenses	2,370.81	566.88	989.77	5,767.10	5,520.17
Total expenses	13,929.19	9,271.37	10,762.16	39,270.91	40,871.06
5 Profit/(Loss) before tax (3-4)	(6,355.65)	113.51	1,369.91	(7,714.23)	(5,003.58)
6 Tax expenses:					
Deferred tax	-	-	-	-	-
7 Profit/(Loss) for the period/year (5-6)	(6,355.65)	113.51	1,369.91	(7,714.23)	(5,003.58)
8 Other comprehensive Income					
(a) Items that will not be reclassified to profit or loss	33.91	4.44	13.05	42.79	17.75
Total other comprehensive income (net of income tax)	33.91	4.44	13.05	42.79	17.75
9 Total comprehensive income for the period/year (7+8)	(6,321.74)	117.95	1,382.96	(7,671.44)	(4,985.83)
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
11 Reserves excluding revaluation reserve	-	-	-	(22,796.45)	(13,776.18)
12 Earnings per share (of Rs. 10/- each) (not annualised):					
Basic	(3.00)	0.05	0.65	(3.65)	(2.36)
Diluted	(3.00)	0.05	0.65	(3.65)	(2.36)

Also refer accompanying notes to the financial results.

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SRINIVASH SINGH
(SUSPENDED) DIRECTOR
DIN: 00789624



McNally Bharat Engineering Company Limited
Standalone Balance Sheet as at 31st March, 2022

Particulars	As at 31st March, 2022	As at 31st March, 2021
ASSETS		
Non-current Assets		
Property, plant and Equipment	2,002.15	2,635.69
Right to use Assets	162.45	1,841.08
Capital work-in-progress	462.62	462.62
Other Intangible Assets	47.15	47.32
Financial Assets		
i. Investments	18,051.51	18,054.37
ii. Other Financial Assets	14.58	2.12
Deferred tax assets	51,706.60	51,706.60
Other Non-current Assets	-	1.83
Total Non-current Assets	72,447.06	74,751.63
Current Assets		
Inventories	165.82	293.00
Financial Assets		
i. Trade Receivables	95,549.56	1,05,220.29
ii. Cash and cash equivalents	2,412.41	2,722.85
iii. Bank balances other than (ii) above	-	58.24
iv. Loans	1,744.38	1,744.38
v. Other financial assets	36,098.11	26,923.82
Current Tax Assets (net)	873.43	4,163.44
Other current assets	45,883.52	48,452.37
Total Current Assets	1,82,727.23	1,89,578.39
Total Assets	2,55,174.29	2,64,330.02
EQUITY AND LIABILITIES		
Equity		
Equity share capital	21,157.08	21,157.08
Other equity	(22,796.45)	(13,776.18)
Total Equity	(1,639.37)	7,380.90
LIABILITIES		
Non-current Liabilities		
Financial Liabilities		
i. Borrowings	14,788.69	13,444.26
ii. Lease Liability	88.88	2,270.27
Provisions	203.34	233.42
Total Non-current Liabilities	15,080.91	15,947.95
Current Liabilities		
Financial Liabilities		
i. Borrowings	2,02,646.75	2,00,779.27
ii. Lease Liability	87.60	-
iii. Trade payables		
Total outstanding dues of micro enterprises and small enterprises	193.96	195.64
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,551.40	22,387.35
iv. Other financial liabilities	11,982.58	12,357.98
Provisions	78.95	92.84
Other current liabilities	5,191.51	5,188.08
Total Current Liabilities	2,41,732.75	2,41,001.16
Total Liabilities	2,56,813.66	2,56,949.11
Total Equity and Liabilities	2,55,174.29	2,64,330.02

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SRINIVASH SINGH
(SUSPENDED) DIRECT
DIN: 00789624



McNally Bharat Engineering Company Limited
Standalone Statement of cash flows for the year ended 31st March, 2022


(All amounts are in Rs. Lakhs, unless otherwise stated)

Particulars	Year ended 31 March, 2022	Year ended 31st March, 2021
Cash flow from operating activities		
Profit/(Loss) before income tax	(7,714.23)	(5,003.58)
Adjustments for:		
Depreciation	609.45	673.90
Finance Cost	4,660.53	4,227.62
Interest Income	(3,639.84)	(2,157.17)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(80.99)	(21.73)
Provision for Bad & Doubtful Debts/Claims	30.22	-
Expected credit loss provided for/ (written back)	(1,689.45)	634.93
Advance to vendor written off	119.72	-
Liability no longer required written back	-	(41.05)
Provision for Doubtful Debts against expenses recoverable	846.82	-
Provision for Future Foreseeable Losses in Construction Contracts	(1,199.11)	(757.51)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	100.81	(26.76)
Net (gain)/loss on financial assets measured at fair value through profit or loss	2.87	(27.82)
Change in operating Assets and Liabilities:		
(Increase)/Decrease in trade receivables	11,259.36	32,847.90
(Increase)/Decrease in inventories	127.18	233.86
Increase/(Decrease) in trade payables	(837.64)	(220.92)
(Increase)/Decrease in other financial assets	(8,958.58)	(3,217.37)
(Increase)/decrease in other non-current assets	1.83	1.14
(Increase)/decrease in Right to use assets	1,538.34	-
(Increase)/decrease in other current assets	2,538.63	(3,758.50)
Increase/(decrease) in provisions	(1.17)	25.14
Increase/ (decrease) in other financial liabilities	(2,469.20)	525.19
Increase/ (decrease) in other liabilities	3.43	(22,145.93)
Cash generated from operations	(4,751.02)	1,791.35
Income taxes (paid)/Refund	3,290.01	2,060.01
Net cash inflow / (outflow) from operating activities	(1,461.01)	3,851.36
Cash flows from investing activities		
Purchase of property, plant and equipment	(21.19)	(1.33)
Loans given during the year	-	50.21
Proceeds from sale of property, plant and equipment	266.71	41.75
Deposits matured/(made) during the year	58.24	49.71
Interest received	3,639.84	6.51
Net cash inflow / (outflow) from investing activities	3,943.60	146.85
Cash flows from financing activities		
Proceeds from borrowings	4,632.47	2,164.48
Repayment of borrowings	(2,764.98)	-
Interest paid	(4,660.53)	(5,100.99)
Net cash inflow / (outflow) from financing activities	(2,793.04)	(2,936.51)
Net increase / (decrease) in cash and cash equivalents	(310.45)	1,061.70
Cash and cash equivalents at the beginning of the financial year	2,722.85	1,661.15
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	2,412.41	2,722.85
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	2,412.41	2,722.85
Balances per statement of cash flows	2,412.41	2,722.85



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SRINIVAST SINGH
(SUSPENDED) DIRECTOR
DIN: 00789624



McNally Bharat Engineering Company Limited


Notes to the Statement of Standalone audited Financial Results for the quarter and year ended 31st March, 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/PA-001/IP-P00142/2017-18/10306) has been initially appointed as the Interim Resolution Professional (IRP). 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. 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.
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 expected to make every 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 Directors chaired by IRP held on 30th May 2022. The IRP 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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SRINIVASH SINGHA
(SUSPENDED) DIRECTOR
DIN: 00789624




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 has not recognised interest expense on the borrowings including Inter Corporate Deposits. Total interest not recognised by the company is Rs 96,472.63 lakhs till 31st March, 2022 as per management estimates. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 lakhs (including interest) have been provisionally admitted by IRP and remaining amount is under verification, the necessary provisions with respect to such claims shall be made upon final admission of the claims by IRP with respect to such financial creditors.
10. Other equity includes Rs 83,804.25 lakhs (85,148.70 lakhs as on 31st March, 2021) 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 14,788.69 lakhs (13,444.26 lakhs as on 31st March, 2021) have been considered as "Long term borrowings" under the head Non-Current Borrowings.
11. The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds coming to the Company with the Investors/ 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.

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SRINIVASH SINGH
(SUSPENDED) DIRECTOR
DIN: 00789624



12. Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of receivables which include Rs 47,008.01 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business, 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 31st March, 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. The figures for the Quarter ended 31st March 2022 are balancing figures between audited figures in respect of the full Financial Year ended 31st March 2022 and published year to date figures up to the third Quarter ended 31st December 2021.




SrInivash Singh
Director (Suspended)
DIN No: 00789624

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Anuj Jain
(Taken on Record)
IBBI/IPA-001/IP-P00142/2017-18/10306
Interim Resolution Professional

Place : Kolkata
Dated : 30th May, 2022



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Statement on Impact of Audit Qualifications on Standalone Financial Results for the Financial Year ended March 31, 2022			
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]			
Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications)
I	1 Total income	31,556.68	Not adjusted [Refer II(a) below]
	2 Total Expenditure	39,270.91	Not adjusted [Refer II(a) below]
	3 Net Profit/(Loss)	-7,714.23	Not adjusted [Refer II(a) below]
	4 Earnings Per Share	-3.65	Not adjusted [Refer II(a) below]
	5 Total Assets	255,174.29	Not adjusted [Refer II(a) below]
	6 Total Liabilities	256,813.66	Not adjusted [Refer II(a) below]
	7 Net Worth	-1,639.37	Not adjusted [Refer II(a) below]
	8 Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):		
	a. Details of Audit Qualification:	<p>a) Non-Recognition of Interest Expense</p> <p>The Company has not recognized interest expense on Bank borrowings and Inter-Corporate Borrowings for the financial year ended 31st March, 2022 as referred in Note 9 of the Statement. Total interest not recognised by the company is Rs 96,472.63 lakhs till 31st March, 2022 as per management estimates. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lender banks amounting to Rs 3,61,281.37 lakhs (including interest) have been provisionally admitted by IRP. As a result, finance costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2022 are understated to that extent.</p> <p>This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".</p>	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Adverse Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	<p>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 has not recognised interest expense on the borrowings including Inter Corporate Deposits. Total interest not recognised by the company is Rs 96,472.63 lakhs till 31st March, 2022 as per management estimates. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 lakhs (including interest) have been provisionally admitted by IRP and remaining amount is under verification, the necessary provisions with respect to such claims shall be made upon final admission of the claims by IRP with respect to such financial creditors.</p>	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i) Management's estimation on the impact of audit qualification:	Not applicable	
	(ii) If management is unable to estimate the impact, reasons for the same:	Not applicable	
	(iii) Auditors' Comments on (i) or (ii) above:	Not applicable	


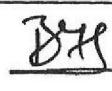

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[Signature]
SRINIVASH SINGH
(SUSPENDED) DIRECTOR
DIN: 00789624

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Audit Qualification (each audit qualification separately):	
a. Details of Audit Qualification:	b) Trade Receivables and Other Current Assets We draw attention to Note 12 to the statement regarding Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Adverse Opinion
c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First Time
d. For Audit Qualification(s) where the Impact is quantified by the auditor, Management's Views:	Not applicable
e. For Audit Qualification(s) where the Impact is not quantified by the auditor:	
(i) Management's estimation on the impact of audit qualification:	Not applicable
(ii) If management is unable to estimate the impact, reasons for the same:	Recoverability of Trade Receivables, Other Financial Assets and Other Current Assests depends upon the outcome of Arbitration Orders and confirmation / reconciliation with parties as stated in Note No. 12. Therefore, adjustments / impacts with respect to these are currently not ascertainable.
(iii) Auditors' Comments on (i) or (ii) above:	Agreed
Signatories:	
III • Director (Suspended)	✓ 
• Chief Financial Officer	✓ 
• Anuj Jain Interim Resolution Professional IBBI/IPA-001/IP-P00142/2017-18/10306	
• Statutory Auditor	
Place: Kolkata	
Date: May 30, 2022	



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15/32

V.SINGHI & ASSOCIATES
Chartered Accountants

Phone: 2230 3963
2210 1125
E-mail: vsinghiandco@gmail.com
Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata – 700 001

Independent Auditor's Report on the Consolidated Annual Financial Results of McNally Bharat Engineering Company Limited for the quarter and year ended 31st March, 2022 pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

**The Interim Resolution Professional of
McNally Bharat Engineering Company Limited**

Report on the Audit of the Consolidated Financial Results

1. Adverse Opinion

We have audited the accompanying Consolidated Financial Results ("the Statement") 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 year ended on 31st March, 2022, 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").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. Includes the results of the entities listed in Annexure -1
- b. Except for the matter dealt with in Basis for Adverse Opinion Para No. 2 given below, has been presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard, and
- c. Due to the significance of the matter described in the Basis for Adverse Opinion Para No. 2 given below, does not give a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net loss, total comprehensive income and other financial information for the quarter and the year ended on 31st March, 2022.



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2. Basis for Adverse Opinion

a) Non-Recognition of Interest Expense

The Holding Company has not recognized interest expense on Bank borrowings and Inter-Corporate Borrowings for the financial year ended 31st March, 2022 as referred in **Note 10** of the Statement. Total interest not recognised by the Holding company is Rs 96,472.63 lakhs till 31st March, 2022 as per management estimates. However, Holding Company's Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 lakhs (including interest) have been provisionally admitted by IRP. As a result, finance Costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2022 are understated to that extent.

One out of its four subsidiaries, McNally Sayaji Engineering Limited ("MSEL") has not recognized interest expense on Bank borrowings and Inter-Corporate Borrowings for the financial year ended 31st March, 2021 as referred in **Note 10** of the Statement. MSEL 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 as referred to in the Statement. 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 Company 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 financial year ended 31st March, 2021 are understated to that extent.

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



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b) Trade Receivables and Other Current Assets

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

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* 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 Results 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

3. 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 are exercisable by the Interim Resolution Professional, Mr. Anuj Jain.

b) Material uncertainty related to Going Concern

Note 4 to the Statement that the Group has incurred a net loss of Rs.11977.57 Lakhs during the financial year ended 31st March, 2022 and that 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

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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.

Note 3 to the Statement that the Hon'ble Calcutta High Court by an order dated 2nd March, 2022, has restrained the Holding Company from dealing with the banks which has affected operations of the Holding Company severely. The Holding Company has filed a petition before the Hon'ble Calcutta High Court for withdrawal of the above order since CIRP process has been initiated on the Holding Company.

Based on the management's assessment and expectation that the IRP/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

We draw attention to **Note 6 b)** pertaining to the Holding Company's receipt of 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 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

We draw attention to **Note 12** of the Statement regarding the Group's recognition of deferred tax assets of Rs. 57,940.49 Lakhs upto 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 year as well as for the preceding years on prudent basis.



e) Other Equity

We draw attention to **Note 11** of the Statement regarding Other equity which includes Rs 83,804.25 lakhs (85,148.70 lakhs as on 31st March, 2021) 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 14,788.69 lakhs (13,444.26 lakhs as on 31st March, 2021) have been considered as "Long term borrowings" under the head Non-Current Borrowings.

Our opinion is not modified in respect of these matters.

4. Management's Responsibilities for the Consolidated Financial Results

In view of ongoing CIRP, the Interim Resolution Professional ('IRP'), is responsible for the preparation and presentation of these Consolidated Financial Results that give a true and fair view of the loss and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 judgements 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 Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Results, the Board of Directors and respective management under the IRP 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 Board of Directors and respective management under the IRP are also responsible for overseeing the Company's financial reporting process.

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5. Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results 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 Results.

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 Results, 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and respective management under the IRP.
- Conclude on the appropriateness of the Board of Director and respective management under the IRP'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 Financial Results 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.

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- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulations 33(8) of the Listing Regulations, as amended, to the extent applicable.

6. Other Matters

- (i) The Consolidated Financial Results include the audited Consolidated Financial Results of one Subsidiary whose Consolidated Financial Results reflect Group's share of total assets of Rs. 38889 Lakhs as at 31 March, 2022, Group's share of total revenue of Rs. 18116 Lakhs for the financial year ended 31st March, 2022 and Group's share of total net loss of Rs. 4308 Lakhs for the financial year ended 31 March, 2022, as considered in the Consolidated Financial Results, which have been audited by us. Our opinion on the Consolidated Financial Results, 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.
- (ii) 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 assets of Rs. 240.77 Lakhs as at 31st March, 2022, Group's share of total revenue of Rs.2.43 Lakhs

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for the financial year ended 31st March, 2022 and Group's share of total net loss of Rs.1.88 Lakhs for the financial year ended 31st March, 2022, as considered in the Consolidated Financial Results. These unaudited Financial Information/Results have been furnished to us by the Board of Directors and respective management under the IRP and our opinion on the consolidated Financial Results, 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.

- (iii) 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 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 opinion is not modified in respect of these matters.

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




(V. K. SINGHI)
Partner

Membership No.: 050051
UDIN: 22050051AJYAEU8202

Place: Kolkata
Date: 30-05-2022

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Annexure to the Independent Auditors Audit Report on the Audited Consolidated Financial Results for the quarter and year ended 31st March, 2022.

Annexure-1

- a. Wholly Owned Subsidiary Companies of the Holding Company**
 - i. Mcnally Bharat Equipments Limited
 - ii. MBE Mineral Technologies Pte Limited
 - iii. MBE Minerals Zambia limited

- b. Subsidiary Company of the Holding Company**
 - i. Mcnally Sayaji Engineering Limited

- c. Step – down subsidiary of the Holding Company**
 - i. MBE Coal & Mineral Technology India Private Limited (Wholly Owned Subsidiary of Mcnally Sayaji Engineering limited)

- d. Joint Ventures of Holding Company**
 - i. EMC MBE Contracting Company LLC,
 - ii. Mcnally – Trolex
 - iii. Mcnally – AML
 - iv. Mcnally – Trolex – Kilburn



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McNALLY BHARAT ENGINEERING COMPANY LIMITED
 CIN: L45202WB1961PLC025181
 Regd. Office: 4 MANGO LANE, Kolkata 700 001
 Website: www.mcnallybharat.com, Email id: mbecl@mbecl.co.in, Phone no: (033) 6628-1213
 Statement of Consolidated Audited Financial Results for the quarter and year ended 31st March, 2022

(Rs. in Lakhs, unless otherwise stated)

Particulars	For The Three months ended			For The Year ended	
	31st March 2022	31st December 2021	31st March 2021	31st March 2022	31st March 2021
	Audited	Unaudited	Audited	Audited	Audited
1 Revenue from operations	10,853.19	11,560.01	17,503.65	42,426.74	50,151.85
2 Other income	2,964.74	2,002.20	449.60	7,120.37	3,033.64
3 Total income (1+2)	13,817.92	13,562.21	17,953.25	49,547.11	53,185.49
4 Expenses					
(a) Cost of materials consumed	9,359.75	5,478.37	7,724.33	21,422.63	20,991.44
(b) Changes in Inventories of work-in-progress and finished goods	(604.85)	(8.15)	755.00	(208.00)	1,367.00
(c) Outsourcing expenses to job workers	3,599.03	2,686.39	2,994.83	11,819.90	11,840.79
(d) Employee benefits expense	1,777.01	1,801.16	2,014.22	7,183.30	7,563.99
(e) Finance costs	1,458.72	1,372.35	408.01	5,092.53	4,616.62
(f) Depreciation and amortisation expense	308.17	366.83	290.88	1,272.45	1,624.86
(g) Other expenses	5,541.50	1,796.05	2,053.62	11,966.65	9,531.16
Total expenses	21,439.33	13,493.00	16,240.89	58,549.46	57,535.86
5 Profit / (Loss) before tax and Exceptional Items (3-4)	(7,621.41)	69.21	1,712.36	(9,002.35)	(4,350.37)
6 Exceptional Items	(3,075.00)	-	-	(3,075.00)	-
Profit / (Loss) before tax (5-6)	(10,696.41)	69.21	1,712.36	(12,077.35)	(4,350.37)
7 Tax expenses:					
(a) Current tax	-	-	-	-	-
(b) Provision Written Back	-	-	-	(22.00)	-
(c) Deferred tax	-	-	-	-	-
8 Profit / (Loss) for the period/year (5-6)	(10,696.41)	69.21	1,712.36	(12,055.35)	(4,350.37)
9 Other Comprehensive Income					
Items that will not be reclassified to profit or loss :					
(a) Remeasurements of Post-employment Defined Benefit Obligations	(9.88)	-	63.05	77.79	35.75
(b) Income tax relating to these items	-	-	-	-	-
Total other comprehensive income (net of income tax)	(9.88)	-	63.05	77.79	35.75
10 Total comprehensive income for the period/year (8+9)	(10,706.29)	69.21	1,775.41	(11,977.56)	(4,314.62)
11 Profit/(Loss) attributable to:					
Owners of the Holding Company	(9,877.77)	77.38	1,891.35	(11,254.61)	(4,471.52)
Non-Controlling interest	(796.63)	(8.17)	(178.99)	(800.74)	121.16
Total	(10,674.40)	69.21	1,712.36	(12,055.35)	(4,350.36)
12 Other Comprehensive income is attributable to :					
Owners of the Holding Company	61.64	-	60.72	71.34	32.43
Non-Controlling interest	6.27	-	2.33	6.45	3.32
Total	67.91	-	63.05	77.79	35.75
13 Total Comprehensive income is attributable to :					
Owners of the Holding Company	(9,816.14)	77.38	1,952.07	(11,183.28)	(4,439.09)
Non-Controlling interest	(790.35)	(8.17)	(176.66)	(794.28)	124.48
Total	(10,606.49)	69.21	1,775.41	(11,977.56)	(4,314.61)
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
15 Reserve excluding revaluation reserve	-	-	-	(38,464.98)	(25,881.59)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):					
Basic (Rs.)	(4.67)	0.04	0.89	(5.32)	(2.11)
Diluted (Rs.)	(4.67)	0.04	0.89	(5.32)	(2.11)

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SRINIVASH SINGH
 (SUSPENDED) DIRECTOR
 DIN: 00789624

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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 Balance Sheet as at 31st March, 2022

Rs in lacs unless otherwise stated		
Particulars	As at 31st March 2022 (Audited)	As at 31st March 2021 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	13,473.15	14,488.90
Right to use assets	339.45	2,246.28
Capital work-in-progress	482.62	483.51
Goodwill	1,162.64	1,162.64
Other Intangible assets	53.15	51.32
Investment Properties	355.00	358.42
Financial assets		
i. Investments	117.84	120.70
ii. Trade receivables	939.00	622.07
iii. Other financial assets	784.58	480.08
Deferred tax assets	57,940.60	57,940.49
Other non-current assets	134.00	149.41
Total non-current assets	75,782.03	78,103.82
Current assets		
Inventories	5,465.82	9,449.35
Financial assets		
i. Trade receivables	99,252.23	1,08,738.97
ii. Cash and cash equivalents	4,502.27	3,823.23
iii. Bank balances other than (ii) above	116.00	365.72
iv. Loans	1,852.46	1,430.18
v. Other financial assets	36,818.85	26,625.64
Current tax assets(net)	1,101.67	4,429.91
Other current assets	40,038.12	46,855.47
Total current assets	1,89,147.42	2,01,718.47
Total assets	2,64,929.45	2,79,822.29
EQUITY AND LIABILITIES		
Equity		
Equity share capital	21,157.08	21,157.08
Other equity		
Reserves and surplus	(38,464.98)	(25,881.59)
Equity attributable to owners of the Holding Company	(17,307.90)	(4,724.51)
Non-controlling interests	1,231.51	2,019.79
Total equity	(16,076.39)	(2,704.72)
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
i. Borrowings	14,788.69	13,447.67
ii. Lease Liabilities	257.88	2,270.27
iii. Trade payables		
-Total outstanding dues of Micro, Small and Medium Enterprises	-	-
-Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	-	0.68
iv. Other Financial Liabilities	347.00	211.83
Provisions	348.34	792.39
Total non-current liabilities	15,741.91	16,722.84
Current liabilities		
Financial Liabilities		
i. Borrowings	2,21,493.72	2,18,719.46
ii. Lease Liabilities	129.60	11.00
iii. Trade payables		
-Total outstanding dues of Micro, Small and Medium Enterprises	540.96	407.81
-Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	25,322.35	26,061.88
iii. Other financial liabilities	16,737.01	17,592.97
Other current liabilities	809.34	2,745.05
Provisions	230.95	266.00
Total current liabilities	2,65,263.93	2,65,804.17
Total liabilities	2,81,005.84	2,82,527.01
Total equity and liabilities	2,64,929.45	2,79,822.29

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(SUSPENDED) DIRECTOR
DIN: 60789624



McNally Bharat Engineering Company Limited
Consolidated Statement of cash flows for the year ended March 31, 2022

(In Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cash flow from operating activities		
Profit/ (Loss) before income tax	(12,076.35)	(4,350.36)
Adjustments for		
Depreciation	1,271.45	1,624.90
Finance Cost	5,092.53	4,616.62
Interest Income	(3,734.27)	(2,316.17)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(80.99)	(21.67)
Provision for Bad & Doubtful Debts	1,928.22	151.00
Expected credit loss provided for/(written back)	(1,689.45)	634.93
Advance to vendor written off	119.72	-
Advances written off	266.00	-
Liability no longer required written back	(673.00)	-
Provision no Longer Required Written Back	(1.00)	-
Provision/Liability No Longer Required Written Back	-	(315.95)
Provision for Warranty	(26.00)	4.00
Provision for Doubtful Debts against expense recoverable	846.82	-
Provision for Doubtful Debts against Claims recoverable	-	-
Provision for Doubtful advances	-	-
Provision for Future Foreseeable Losses in Construction Contracts	(1,199.11)	(757.51)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	88.81	(23.76)
Share of losses on associates and joint ventures	-	-
(Gain)/loss on fair valuation of derivative contracts	-	-
Interest Income on unwinding on revenue deferred	-	-
Deferred Retention Income	-	-
Net (gain)/loss on financial assets measured at fair value through profit or loss	2.87	(27.82)
Provision for Onerous Contracts written back	-	-
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	10,597.57	33,488.41
(Increase)/Decrease in inventories	3,835.18	1,847.86
Increase/(Decrease) in trade payables	(850.28)	(1,620.14)
Increase / (Decrease) in Employee Benefit Obligation	(647.00)	(5.00)
(Increase)/Decrease in other financial assets	(8,937.83)	(3,255.75)
(Increase)/decrease in other non-current assets	1.83	1.14
(Increase)/decrease in other Right to use assets	1,538.34	-
(Increase)/decrease in other current assets	5,941.83	(4,249.46)
Increase/(decrease) in provisions	(1.17)	25.14
Increase/ (decrease) in other financial liabilities	(2,491.42)	960.46
Increase/ (decrease) in other liabilities	(3,264.04)	(22,121.51)
Increase/ (decrease) Unwinding of Interest	61.00	-
Cash generated from operations	(4,079.73)	4,289.36
Income taxes (paid)/Refund	3,365.77	1,996.01
Net cash inflow / (outflow) from operating activities	(713.96)	6,285.37
Cash flows from investing activities		
Purchase of property, plant and equipment	(70.19)	(59.33)
Loans given during the year	-	50.36
Proceeds from sale of property, plant and equipment	266.71	41.75
Deposits matured/(made) during the year	39.24	(26.29)
Interest received	3,673.27	165.51
Net cash inflow / (outflow) from investing activities	3,909.03	172.00
Cash flows from financing activities		
Proceeds from borrowings	4,712.48	2,164.49
Repayment of borrowings	(2,963.04)	(14.00)
Transaction with non controlling interest	-	-
Dividend paid	-	-
Interest paid	(5,092.53)	(5,489.99)
Net increase in Cash Credit Facilities including WCCL	-	(1,491.00)
Net cash inflow / (outflow) from financing activities	(3,343.09)	(4,830.50)
Net increase / (decrease) in cash and cash equivalents	(148.03)	1,626.87
Cash and cash equivalents at the beginning of the financial year	4,649.84	2,198.64
Effects of exchange rate changes on cash and cash equivalents	0.46	(2.26)
Cash and cash equivalents at end of the year	4,502.27	3,823.25

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SRINIVASH SINGH
(SUSPENDED) DIRECTOR
DIN: 00789624




McNally Bharat Engineering Company Limited

Notes to the Statement of Consolidated Audited Financial Results for the quarter and year ended 31st March, 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) has been Initially 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. The Hon'ble Calcutta High Court by an order dated. 02.03.2022, has restrained the holding company from dealing with Banks which has affected operations of the holding company badly. The holding company has filed a petition before the Hon'ble Calcutta High Court for withdrawal of the above order since CIRP process has been initiated on the holding company and hearing of the petition is scheduled on 06th June, 2022.
4. The Holding company and its subsidiary McNally Sayaji Engineering Limited (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. 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 is expected to make every 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 Directors chaired by IRP held on 30th May 2022. The IRP 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



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SRINIVASA SINGH
(SUSPENDED) DIRECTOR
DIN: 00789624

