

## McNally Bharat Engineering Company Limited

CIN: L45202WB1961PLC025181

Corporate Office: Ecospace Campus 2B 11F/12

New Town Rajarhat North 24 Parganas Kolkata-700160

Telephone +91 3344591111

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

Registered Office: 4 Mangoe Lane Kolkata-700001

13<sup>th</sup> February 2022

### The National Stock Exchange of India Limited

Exchange Plaza, 5<sup>th</sup> floor, Plot # C/1, 'G' Block

Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

### BSE Limited

Corporate Relations Department

1<sup>st</sup> Floor, New Trading Ring, Rotunda Building

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001

Dear Sir,

### Sub: Outcome of Meeting for consideration of Unaudited Financial Results for the Third Quarter and Nine Month ended 31<sup>st</sup> December 2022 (“the Results”)

Scrip Code/Symbol: 532629/MBECL

We refer to our Intimation on 31<sup>st</sup> January 2023 regarding Meeting of the Resolution Professional (RP) with the suspended Board of Directors of the Company to be scheduled on 13<sup>th</sup> February 2023. The RP and the Directors having met today, approved of the following:

- i) Unaudited Standalone and Consolidated Financial Results of the Company for the third quarter and nine month ended 31<sup>st</sup> December 2022 (the “Results”).
- ii) Continuation of Directorship of Mr. Nilotpal Roy (DIN: 00087298), Non-Executive Independent Director, having attained the age limit stipulated under SEBI LODR Regulation 17(1A), subject to approval of Shareholders through Special Resolution.
- iii) Postal Ballot Notice seeking approval of members for continuation of Directorship of Mr. Nilotpal Roy by way of Special Resolution.

The Board meeting commenced at 11:30 A.M. and concluded at 09.30 P.M.

Enclosed herewith:

- (1) the Results, duly signed by Mr. Ravi Sethia, the Resolution Professional and Mr. Asim Kumar Barman, Director;
- (2) Limited Review Report by V. Singhi & Associates, Statutory Auditors, on the Results; and
- (3) details required under Regulation 30 of SEBI LODR, read with SEBI Circular No. CIR/CFT/CMD/4/2015 dated 9<sup>th</sup> September 2015, for continuation of directorship of Mr. Nilotpal Roy.

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

Yours faithfully,

For McNally Bharat Engineering Company Limited

INDRA  
NI RAY

Indrani Ray

Company Secretary

Encl: As above

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

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**Independent Auditor’s Report on Limited Review of the Unaudited Standalone Financial Results for the quarter and nine months ended 31<sup>st</sup> December, 2022 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review Report**

**The Resolution Professional of**

**McNally Bharat Engineering Company Limited**

**Four Mangoe Lane, Surendra Mohan Ghosh Sarani**

**Kolkata – 700001**

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** (“the Company”) for the quarter and nine months ended 31<sup>st</sup> December, 2022 (“the Statement”), being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19<sup>th</sup> July, 2019 (“the Circular”).
2. This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (“Ind AS 34”) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

#### **4. Basis for Adverse Conclusion**

##### **a) Trade Receivables and Other Current Assets**

i. 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.

ii. Further, Claims Recoverable (BG Encashed) amounting to Rs. 35,622.17 Lakhs, out of which Rs. 12,195.70 Lakhs is under arbitration till 31<sup>st</sup> December, 2022. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.

##### **b) Non-adjustment of the Carrying Value of the Investments**

We draw attention to the **Note 14** to the Statement regarding invocation of pledge over 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited held by the Company, by the Lender Bank of the Subsidiary Company i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Subsidiary Company. The Company has objected to such invocation vide their letter dated 15th December, 2020. The company filed for compensation for such invocation at average cost price amounting to Rs 40.79 Cr, and the said claim has not been admitted 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.

This constitutes a material departure from the requirements of Indian Accounting Standard 36 “Impairment of Assets”.

##### **c) Recognition of Deferred Tax Assets**

**Note 12** to the Statement that the Company had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31<sup>st</sup> 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 thereafter on prudent basis.

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

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

## 5. Emphasis of Matters

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

### a) Appointment of Resolution Professional

**Note 1** to the Statement wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Company vide an order dated 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and were exercisable by the Interim Resolution Professional, Mr. Anuj Jain. Subsequently, NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP).

### b) Material Uncertainty related to Going Concern

**Note 5** to the Statement that the Company has incurred a net loss of Rs 75,724.26 lakhs (before comprehensive income) and Rs. 2,04,027.45 Lakhs (before comprehensive income) during the quarter ended and nine months ended 31<sup>st</sup> December, 2022 respectively and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and submission of viable resolution plan by the prospective investor. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the acceptance of the resolution plan by the Committee of Creditors.

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

### c) Non- Assessment of Pending Litigations

**Note 7** to the statement that the Company had received regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax, Income Tax. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

### d) Recognition of Interest Expense

As referred in **Note 10** of the Statement, during the period, the company has recognized the interest expense till 31<sup>st</sup> December, 2022 on Bank Borrowings and Inter Corporate Deposits under the head 'Finance Costs' amounting to Rs. 1,55,636.67 Lakhs (including Rs 43,648.88 Lakhs recognized in the current quarter) and Rs. 14,580.31 Lakhs (including Rs 13,687.66 Lakhs recognized in the current quarter) respectively as estimated by the management.

**e) Note 10 (ii)** to the Statement, regarding claims of two financial creditors M/s Seajuli Developers & Finance Limited (SDFL) and M/s Woodside Parks Limited (WPL). In earlier years, the Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposit from SDFL and WPL amounting to Rs. 83,804.25 Lakhs. Under CIRP, both the companies have submitted their financial claims to the RP, which the RP has admitted. Hence, the Company reversed its fair valuation gain which was recognized earlier and has classified the same as Borrowings.

**f) Note 10 (iii)** to the Statement that the claim of EIG (Mauritius) Limited admitted by RP as per arbitration award amounting to Rs. 7,773.61 Lakhs has been recognized in Financial Results under the head “Exceptional Item” and consequently interest thereon has also been accounted for amounting to Rs. 637.57 Lakhs under the head “Finance Costs”.

Our conclusion is not modified in respect of these matters.

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

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**(A. SENGUPTA)**  
**Partner**  
**Membership No. 051371**  
**UDIN: 23051371BGVSBH2426**

**Place:** Kolkata  
**Date:** 13<sup>th</sup> January, 2022

**McNALLY BHARAT ENGINEERING COMPANY LIMITED**  
**CIN: L45202WB1961PLC025181**  
**Regd. Office: 4 MANGOE LANE, Kolkata 700 001**  
**Web:www.mcnallybharat.com, Email id: mbecal@mbecol.co.in, Phone no: (033) 3014-1111**  
**Statement of unaudited Standalone Financial Results for the Quarter and Nine Months ended 31st December, 2022**

(Rs. in Lakhs, unless otherwise stated)

SL.No	Particulars	Three months ended			Nine months ended		Year ended
		31 December, 2022	30 September, 2022	31 December, 2021	31 December, 2022	31 December, 2021	31 March, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1</b>	<b>Revenue from operations</b>						
	(a) Net sales/ Income from operations	6,761.93	4,408.03	7,091.92	16,327.50	19,496.62	24,729.89
	(b) Other operating income	23.26	23.97	280.39	79.89	378.14	540.85
	<b>Total income from operations</b>	<b>6,785.19</b>	<b>4,432.00</b>	<b>7,372.31</b>	<b>16,407.39</b>	<b>19,874.76</b>	<b>25,270.74</b>
<b>2</b>	<b>Other income</b>	<b>1,881.77</b>	<b>1,085.22</b>	<b>2,012.57</b>	<b>4,038.03</b>	<b>4,108.38</b>	<b>6,285.94</b>
<b>3</b>	<b>Total income (1+2)</b>	<b>8,666.96</b>	<b>5,517.22</b>	<b>9,384.88</b>	<b>20,445.42</b>	<b>23,983.14</b>	<b>31,556.68</b>
<b>4</b>	<b>Expenses</b>						
	(a) Cost of materials consumed	3,443.58	2,029.50	3,393.87	8,662.03	6,578.29	12,006.63
	(b) Outsourcing expenses to job workers	1,584.31	4,246.14	2,686.39	7,470.65	8,220.87	11,819.90
	(c) Employee benefits expense	895.58	918.22	1,138.96	2,825.44	3,326.09	4,407.30
	(d) Finance costs	59,959.46	14,320.93	1,284.35	1,76,261.15	3,349.81	4,660.53
	(e) Depreciation and amortization expense	95.70	107.39	200.92	303.50	470.37	609.45
	(f) Other expenses	10,638.98	7,776.45	566.88	21,176.49	3,396.29	5,767.10
	<b>Total expenses</b>	<b>76,617.61</b>	<b>29,398.63</b>	<b>9,271.37</b>	<b>2,16,699.26</b>	<b>25,341.72</b>	<b>39,270.91</b>
<b>5</b>	<b>Profit/(Loss) before tax and Exceptional Item (3-4)</b>	<b>(67,950.65)</b>	<b>(23,881.40)</b>	<b>113.51</b>	<b>(1,96,253.84)</b>	<b>(1,358.58)</b>	<b>(7,714.23)</b>
	Exceptional Items	(7,773.61)	-	-	(7,773.61)	-	-
<b>6</b>	<b>Profit Before Tax</b>	<b>(75,724.26)</b>	<b>(23,881.40)</b>	<b>113.51</b>	<b>(2,04,027.45)</b>	<b>(1,358.58)</b>	<b>(7,714.23)</b>
<b>7</b>	<b>Tax expenses:</b>						
	Deferred tax	-	-	-	-	-	-
<b>8</b>	<b>Profit/(Loss) for the period/year (5-6)</b>	<b>(75,724.26)</b>	<b>(23,881.40)</b>	<b>113.51</b>	<b>(2,04,027.45)</b>	<b>(1,358.58)</b>	<b>(7,714.23)</b>
<b>9</b>	<b>Other comprehensive income</b>						
	(a) Items that will not be reclassified to profit or loss	10.69	10.70	4.44	32.09	8.88	42.79
	<b>Total other comprehensive income (net of income tax)</b>	<b>10.69</b>	<b>10.70</b>	<b>4.44</b>	<b>32.09</b>	<b>8.88</b>	<b>42.79</b>
<b>10</b>	<b>Total comprehensive income for the period/year (7+8)</b>	<b>(75,713.57)</b>	<b>(23,870.70)</b>	<b>117.95</b>	<b>(2,03,995.36)</b>	<b>(1,349.70)</b>	<b>(7,671.44)</b>
<b>11</b>	<b>Paid up equity share capital ( Face value of the share Rs.10 each)</b>	<b>21,157.08</b>	<b>21,157.08</b>	<b>21,157.08</b>	<b>21,157.08</b>	<b>21,157.08</b>	<b>21,157.08</b>
<b>12</b>	<b>Reserves excluding revaluation reserve</b>	-	-	-	-	-	<b>(22,796.45)</b>
<b>13</b>	<b>Earnings per share (of Rs. 10/- each) (not annualised):</b>						
	Basic	(35.79)	(11.29)	0.05	(96.43)	(0.64)	(3.65)
	Diluted	(35.79)	(11.29)	0.05	(96.43)	(0.64)	(3.65)

Also refer accompanying notes to the financial results.

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## McNally Bharat Engineering Company Limited

### Notes to the Unaudited Statement of Standalone Financial Results for the quarter & nine months ended 31<sup>st</sup> Dec, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of the Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing off, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) had been appointed as the Interim Resolution Professional (IRP). Subsequently, Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) has been appointed as Resolution Professional (RP). Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vest with the IRP/Resolution Professional (RP).
2. Committee of Creditors (COC) have been constituted on 18.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP. The COC has been further reconstituted from time to time by the IRP/RP (last such reconstitution on 29.12.2022) and filed with the Hon'ble NCLT, Kolkata Bench.
3. NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the RP.
4. The Corporate Insolvency Resolution Process (CIRP) is currently on going. The Resolution Professional has received Resolution Plans from 4(four) Resolution Applicants, which are under evaluation.
5. 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 shall endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the company have been prepared on going concern basis.
6. The above unaudited financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee (suspended) and approved in the meeting of Board of Directors (suspended) chaired by Mr. Asim Barman at the behest of RP held on 13<sup>th</sup> February, 2023. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of

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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.

7. 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.
8. 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.
9. The Company is primarily engaged in the business of Construction and Engineering activities hence no separate disclosure has been made for segment reporting as per IND AS 108-Operating Segments.
10. i) The Company has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks stopped debiting interest on their outstanding debts. Accordingly, the Company had not recognised interest expense on the borrowings including Inter Corporate Deposits. Lender Banks have submitted the claims to the IRP/RP amounting to Rs 3,61,373.83 lakhs(including interest) out of which claim amounting to Rs. 3,61,148.21 lakhs have been admitted. The company has provisionally accounted for interest from date of categorisation as Non-Performing Asset by lender banks till 31.12.2022 amounting to Rs.1,55,636.67lakhs Out of which amounting to Rs 43,648.88 Lakhs as recognised during the quarter under the head 'Finance Charges'.

Financial Creditors other than lender banks have also submitted their claims to RP amounting to Rs.2,03,216.42 lakhs out of which Rs.1,14,120.40 lakhs have been admitted by RP. The company has provisionally accounted for interest till 31.12.2022 amounting to Rs.14580.31lakhs Out of which amounting to Rs13687.51 Lakhs recognised during the quarter under the head 'Finance Charges'.

ii) In earlier years, Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposits from M/s Seajuli Developers & Finance Ltd and M/s Woodside Parks Ltd aggregating to Rs. 83804.25 Lakhs. Under the CIRP, both the companies have submitted their financial claims to the RP. RP has admitted their claim. Hence, the Company has reversed its fair valuation gain which was recognised in earlier years under the

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head 'Other Equity' and correspondingly loan amounting to Rs. 98,592.94 Lakhs is shown as Borrowings.

iii) Apart from above, claim of M/s EIG (Mauritius) Ltd was admitted by RP as per arbitration award to the tune of Rs. 7,773.61 lakhs which has been recognised in the books as 'Exceptional Item' and consequent interest of Rs. 637.57 lakhs thereon have also been provided.

11. The operational creditors have also submitted the claims to the IRP/RP amounting to Rs.30,571 lakhs, out of which RP has provisionally admitted claims of Rs. 15,836 lakhs, as on 22.12.22 but reconciliation thereof with books is under process, which will be taken into records appropriately once reconciliation & settlement with creditors is complete.
12. The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31<sup>st</sup> March, 2018. The Company believes that based on the infusion of fresh funds coming to the Company with the Investors support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
13. Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Further, the reconciliation activity by the management is under process and the effects of the reconciliation activity shall be accounted once the reconciliation process is complete. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of receivables which include Rs 41,604.96 Lakhs under Arbitration till Jan,2023 in the normal course of business, hence no impairment has been considered at this stage. However, the company has made provision for doubtful debts Rs. 3438.28 lakhs & Rs. 1890.22 lakhs in respect of amount due from M/s Ideal Energy project Ltd and M/s Jhabua Power Ltd respectively.
14. 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 31<sup>st</sup> 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 31<sup>st</sup> Dec, 2022 pending approval of Resolution from COC of the said Subsidiary and NCLT.

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

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Asim Kumar Barman  
Director  
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IBBI/IPA-001/IP-P01305/2018-19/12052  
Resolution Professional

**Place** : Kolkata

**Dated** : 13<sup>th</sup> February, 2023

**Independent Auditor’s Report on Limited Review of the Unaudited Consolidated Financial Results for the quarter and nine months ended 31<sup>st</sup> December, 2022 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**Review Report**

**The Resolution Professional of**

**McNally Bharat Engineering Company Limited**

**Four Mangoe Lane, Surendra Mohan Ghosh Sarani**

**Kolkata – 700001**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** (“the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “ the Group”) for the quarter and nine months ended 31<sup>st</sup> December, 2022 (“the Statement”), being compiled and submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19<sup>th</sup> July, 2019 (“the Circular”).
2. This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (“Ind AS 34”) “Interim Financial Reporting” prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

#### **4. Basis for Adverse Conclusion**

##### **a) Trade Receivables and Other Current Assets**

i. We draw attention to **Note 15** 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.

ii. Further, Claims Recoverable (BG Encashed) amounting to Rs. 35,622.17 Lakhs, out of which Rs. 12,195.70 Lakhs is under arbitration till 31st December, 2022. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.

##### **b) Non – Recognition of Interest Expense**

One out of its four subsidiaries, McNally Sayaji Engineering Limited (“MSEL”) has not recognized interest expense on Bank Borrowings amounting to Rs. 14,430 Lakhs and on Inter-, Corporate Borrowings amounting to Rs. 2,355 Lakhs up to December, 2022 out of which interest expenses amounting to Rs. 4,137 Lakhs on Bank Borrowings and Rs. 471 Lakhs on Inter Corporate Borrowings pertains to the nine months period from 1<sup>st</sup> April, 2022 till 31<sup>st</sup> December, 2022. As a result, finance costs, liability on account of interest and total comprehensive loss for the period ended 31<sup>st</sup> December, 2022 are understated to that extent.

CIRP had been initiated against MSEL on and from 11<sup>th</sup> 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 in the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded on MSEL’s website are Rs. 23,226 Lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Holding Company, against which MSEL had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit – 1, claims of related parties and Rs. 63 Lakhs against Inter – Corporate Borrowing claims).

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

### **c) Recognition of Deferred Tax Assets**

**Note 14** to the Statement regarding the Group's recognition of deferred tax assets of Rs. 57,940.49 lakhs up to 31<sup>st</sup> 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 thereafter on prudent basis.

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

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

## **5. Emphasis of Matters**

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

### **a) Appointment of Resolution Professional**

**Note 1** to the Statement wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Holding Company vide an order dated 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and were exercisable by the Interim Resolution Professional, Mr. Anuj Jain. Subsequently, NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP).

### **b) Material Uncertainty related to Going Concern**

**Note 4 and Note 5** to the Statement that the Group has incurred a net loss of Rs 75,562.07 lakhs (before comprehensive income) and Rs 2,04,191.56 Lakhs (before comprehensive income) during the quarter ended and nine months ended 31<sup>st</sup> December, 2022 respectively and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and submission of viable resolution plan by the prospective investor. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern.

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

**c) Non- Assessment of Pending Litigations**

**Note 7** to the Statement that the Holding Company had received regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax, Income Tax. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance 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) The Statement includes the results of the following except (iv) below:**

**i. Wholly Owned Subsidiary Companies of the Holding Company**

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

**ii. Subsidiary Company of the Holding Company**

- McNally Sayaji Engineering Limited

**iii. Step – down subsidiary of the Holding Company**

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

**iv. Joint Ventures of Holding Company**

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

**e) Recognition of Interest Expense**

As referred in **Note 12** of the Statement, during the period, the Holding Company has recognized the interest expense till 31st December, 2022 on Bank Borrowings and Inter Corporate Deposits under the head 'Finance Costs' amounting to Rs. 1,55,636.67 Lakhs (including Rs 43,648.88 Lakhs recognized in the current quarter) and Rs. 14,580.31 Lakhs (including Rs 13,687.66 Lakhs recognized in the current quarter) respectively as estimated by the management.

**f) Note 12 (ii)** to the Statement, regarding claims of two financial creditors M/s Seajuli Developers & Finance Limited (SDFL) and M/s Woodside Parks Limited (WPL). In earlier years, the Holding Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposit from SDFL and WPL amounting to Rs.

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

**g) Note 12 (iii)** to the Statement that the claim of EIG (Mauritius) Limited admitted by RP as per arbitration award amounting to Rs. 7,773.61 Lakhs has been recognized in Financial Results under the head “Exceptional Item” and consequently interest thereon has also been accounted for amounting to Rs. 637.57 Lakhs under the head “Finance Costs”.

Our conclusion is not modified in respect of these matters.

## **6. Other Matters**

The Statement includes the Consolidated Financial Results of one Subsidiary, whose Consolidated Financial Results reflect Group’s share of total revenue of Rs. 4,375 Lakhs and Rs. 12,796 Lakhs for the quarter ended and nine months ended 31<sup>st</sup> December, 2022 respectively and Group’s share of total net profit of Rs. 166 Lakhs (before comprehensive income) for the quarter ended 31<sup>st</sup> December, 2022 and Group’s share of total net loss Rs. 160 Lakhs (before comprehensive income) for the nine months ended 31<sup>st</sup> December, 2022 respectively, as considered in the Consolidated Financial Results, which have been considered by us. Our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on our report and review procedures performed by us.

The Consolidated Financial Results include the unaudited Financial Results of two foreign subsidiaries and one Indian subsidiary whose Interim Financial Results reflect, Group’s share of total revenue of Rs. Nil and Rs. Nil for the quarter ended and nine months ended 31<sup>st</sup> December, 2022 respectively and Group’s share of total net loss of Rs. 3.80 Lakhs and Rs. 4.10 Lakhs for the quarter ended and nine months ended 31<sup>st</sup> December, 2022 respectively, as considered in the Statement. These unaudited Financial Results have been furnished to us by the management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited interim Financial Results. In our opinion and according to the information and explanations given to us these Financial Results are not material to the Group.

We draw attention to the **Note 9 and Note 10** of the Statement that the results of the Joint Venture of the Holding Company i.e., EMC MBE Contracting Company LLC, Mcnally – Trolex, Mcnally – AML, and Mcnally – Trolex – Kilburn.

The results of EMC MBE Contracting Company LLC whose carrying value in the Financial Result of the Holding Company is Rs. Nil (net of impairment) has not been considered in the Consolidated Financial Results.

Further Joint Ventures McNally – Trolex, McNally – AML, and McNally – Trolex – Kilburn are in their early stage of operation and do not generate any profit or loss till the review period.

Our conclusion is not modified in respect of these matters.

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

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**(A. SENGUPTA)**

**Partner**

**Membership No. 051371**

**UDIN: 23051371BGVSBI5748**

**Place:** Kolkata

**Date:** 13<sup>th</sup> January, 2022



McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGO LANE, Kolkata 700 001

Website: www.mcnallybharat.com, Email id: mbecal@mbeccl.co.in, Phone no: (033) 6628-1213

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Months ended 31st December, 2022

(Rs. in Lakhs, unless otherwise stated)

Particulars	For The Three months ended			Nine months ended		Year ended
	31st December 2022	30th September 2022	31st December 2021	31st December 2022	31st December 2021	31st March 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Revenue from operations	11,131.19	8,745.74	11,560.01	29,044.39	31,573.55	42,426.74
2 Other income	1,858.58	1,185.50	2,002.20	4,144.84	4,155.63	7,120.37
3 Total income (1+2)	12,989.77	9,931.24	13,562.21	33,189.23	35,729.18	49,547.11
4 Expenses						
(a) Cost of materials consumed	6,242.58	4,084.81	5,478.37	15,858.03	12,062.88	21,422.63
(b) Changes in Inventories of work-in-progress and finished goods	(489.00)	431.58	(8.15)	(206.00)	396.85	(208.00)
(c) Outsourcing expenses to job workers	1,584.31	4,246.14	2,686.39	7,470.65	8,220.87	11,819.90
(d) Employee benefits expense	1,561.58	1,621.41	1,801.16	4,886.44	5,406.29	7,183.30
(e) Finance costs	60,043.46	14,413.59	1,372.35	1,76,523.15	3,633.81	5,092.53
(f) Depreciation and amortisation expense	274.70	267.38	366.83	802.50	964.28	1,272.45
(g) Other expenses	11,560.60	8,929.40	1,796.05	24,272.41	6,425.15	11,966.65
Total expenses	80,778.23	33,994.31	13,493.00	2,29,607.18	37,110.13	58,549.46
5 Profit / (Loss) before tax and Exceptional Items (3-4)	(67,788.46)	(24,063.07)	69.21	(1,96,417.95)	(1,380.95)	(9,002.35)
6 Exceptional Items	(7,773.61)	-	-	(7,773.61)	-	(3,075.00)
Profit / (Loss) before tax (5+6)	(75,562.07)	(24,063.07)	69.21	(2,04,191.56)	(1,380.95)	(12,077.35)
7 Tax expenses:						
Tax for Earlier Year	-	-	-	-	-	(22.00)
8 Profit / (Loss) for the period/year (6-7)	(75,562.07)	(24,063.07)	69.21	(2,04,191.56)	(1,380.95)	(12,055.35)
9 Other Comprehensive Income						
Items that will not be reclassified to profit or loss :						
(a) Remeasurements of Post-employment Defined Benefit Obligations	18.69	20.03	-	58.09	9.88	77.79
(b) Income tax relating to these items	-	-	-	-	-	-
Total other comprehensive income (net of income tax)	18.69	20.03	-	58.09	9.88	77.79
10 Total comprehensive income for the period/year (8+9)	(75,543.38)	(24,043.04)	69.21	(2,04,133.47)	(1,371.07)	(11,977.56)
11 Profit/(Loss) attributable to:						
Owners of the Holding Company	(75,592.66)	(24,029.62)	77.37	(2,04,162.05)	(1,376.84)	(11,254.61)
Non-Controlling interest	30.60	(33.42)	(8.17)	(29.50)	(4.11)	(800.74)
Total	(75,562.06)	(24,063.04)	69.21	(2,04,191.55)	(1,380.95)	(12,055.35)
12 Other Comprehensive income is attributable to :						
Owners of the Holding Company	17.22	18.31	-	53.30	9.70	71.34
Non-Controlling interest	1.47	1.72	-	4.79	0.18	6.45
Total	18.69	20.03	-	58.09	9.88	77.79
13 Total Comprehensive income is attributable to :						
Owners of the Holding Company	(75,575.44)	(24,011.31)	77.37	(2,04,108.75)	(1,367.14)	(11,183.27)
Non-Controlling interest	32.07	(31.70)	(8.17)	(24.71)	(3.93)	(794.28)
Total	(75,543.37)	(24,043.01)	69.20	(2,04,133.46)	(1,371.07)	(11,977.55)
14 Paid up equity share capital ( Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08
15 Reserve excluding revaluation reserve						(38,464.98)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):						
Basic (Rs.)	(35.73)	(11.36)	0.04	(96.50)	(0.65)	(5.32)
Diluted (Rs.)	(35.73)	(11.36)	0.04	(96.50)	(0.65)	(5.32)

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## McNally Bharat Engineering Company Limited

### Notes to the Unaudited Statement of Consolidated Financial Results for the quarter & nine months ended 31<sup>st</sup> Dec, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of the Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing of, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the holding company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) had been appointed as the Interim Resolution Professional (IRP) in the holding company. Subsequently, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP). Upon commencement of CIRP, the powers of the Board of Directors of the holding company stand suspended and management of the holding Company vest with the IRP/Resolution Professional (RP).
2. Committee of Creditors (COC) has been constituted on 18.05.2022 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. The COC has been further reconstituted from time to time by the IRP/RP (last such reconstitution on 29.12.2022) and filed with the Hon'ble NCLT, Kolkata Bench.
3. NCLT vide order dated 26.08.2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the RP.
4. The Corporate Insolvency Resolution Process (CIRP) of Holding company is currently on going. The Resolution Professional has received Resolution Plans from 4(four) Resolution Applicants, which are under evaluation.  
The Corporate Insolvency Resolution Process (CIRP) of the subsidiary company (viz; MSEL) has progressed to an advanced stage. The Resolution plan of one of the Resolution Applicants has received the approval of COC by requisite majority, in terms of Insolvency and Bankruptcy Code, 2016 and COC authorised the RP to issue the letter of Intent in terms of the Request For Resolution Plan and thereafter submit the application before the Hon'ble NCLT Court for final approval of the Resolution Plan. The application has since been submitted before the Hon'ble NCLT Court.
5. The Holding company and its subsidiary McNally Sayaji Engineering Limited (MSEL) are under CIRP wherein the RP of the Holding company and MSEL have been managing the operations of these companies on a going concern basis. Under the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the holding company as going concern. In view of the opinion of the Directors and KMPs, resolution and revival of the holding and such subsidiary company is possible in the foreseeable future. The IRP/RP shall endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the holding company have been prepared on going concern basis and consolidated.

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6. 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 (suspended) and approved in the meeting of Board of Directors (suspended) chaired by Mr. Asim Barman on behest of RP held on 13<sup>th</sup> February, 2023. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon him in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.
7. a) There shall be moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub section (1) of section 31 of the IBC or pass an order for liquidation of Corporate Debtors under section 33 of the IBC for the Holding company, as the case may be.  
  
b) The holding company had received regulatory Enquiries /Notices/ Summons /Show-Cause/Demand/ Orders from various government authorities such as Goods and Services Tax, Income Tax. In view of the Holding company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Holding Company till the conclusion of CIRP. Therefore, no impact has been considered in these statements as of now.
8. 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.
9. The results of the Joint Ventures of the holding company i.e. EMC MBE Contracting Company LLC, including their carrying value in the financial results of the Holding company is Rs. Nil (net of Impairment) and has not been considered in the Consolidated Financial Results.
10. The Joint Ventures of the holding company i.e. McNally-Troxel, McNally-AML, and McNally-Troxel-Kilburn are non-corporate entities and there is no investment. Further Joint ventures are in their early stage of their operation and do not generate any profit or loss till the review period.
11. The Holding company is primarily engaged in the business of construction & Engineering activities and Subsidiary company is primarily engaged in manufacturing and designing of engineering products. Hence both companies are operating under similar line of business. Since both companies are under CIRP process, hence management control of the companies vest with their respective RPs. Hence no separate disclosure has been made for segment reporting as per IND AS 108-Operating Segments.

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12. i) The Holding Company and one of its subsidiaries has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks stopped debiting interest on their outstanding debts. The Holding Company had not recognised interest expense on the borrowings including Inter Corporate Deposits. Lenders Banks of the holding company have submitted the claims to the IRP/RP amounting to 3,61,373.83 lakhs(including interest) out of which claim amounting to Rs. 3,61,148.21 lakhs have been admitted. The Holding company has provisionally accounted for interest from date of categorisation as Non-Performing Asset by lender banks till 31.12.2022 amounting to Rs.1,55,636.67lakhs out of which amounting to Rs 43,648.88 Lakhs as recognised during the quarter under the head 'Finance Charges'.

Financial Creditors other than lender banks of the holding company have also submitted their claims to RP amounting to Rs.2,03,216.42 lakhs out of which Rs.1,14,120.40 lakhs have been admitted by RP. The company has provisionally accounted for interest till 31.12.2022 amounting to Rs.14580.31lakhs Out of which amounting to Rs13687.51 Lakhs recognised during the quarter under the head 'Finance Charges'.

ii) In earlier years, the holding company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposits from M/s Seajuli Developers & Finance Ltd and M/s Woodside Parks Ltd aggregating to Rs. 83804.25 Lakhs. Under the CIRP, both the companies have submitted their financial claims to the RP. RP has admitted their claim. Hence, the holding Company has reversed its fair valuation gain which was recognised in earlier years under the head 'Other Equity' and correspondingly loan amounting to Rs. 98,592.94 Lakhs is shown as Borrowings.

iii) Apart from above, claim of M/s EIG (Mauritius) Ltd against Holding Company was admitted by RP to the tune of Rs. 7773.61 lakhs which has been recognised in the books of holding company as 'Exceptional Item' and consequent interest of Rs. 637.57lakhs thereon has also been provided under Finance Cost.

13. The operational creditors of the holding company have also submitted the claims to the IRP/RP amounting to Rs.30,571 lakhs, out which RP has provisionally admitted claims of Rs. 15,836 lakhs, as on 22.12.23 but reconciliation thereof with books is under process, which will be taken into records appropriately once reconciliation & settlement with creditors is complete.

14. The Holding Company along with its subsidiary had recognised Deferred Tax Assets amounting to Rs 57,940.49 Lakhs up to 31st March, 2019. The Holding Company believes that based on the infusion of fresh funds coming to the holding company and its subsidiary with the Investors/ lenders' support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.

15. Trade Receivables, Other Financial Assets and Other Current Assets of Holding Company are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising

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BARMAN**

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therefrom, if any. Further, the reconciliation activity by the management of the holding company is under process and the effects of the reconciliation activity shall be accounted once the reconciliation process is complete. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of receivables which include Rs 41,604.96 Lakhs under Arbitration till Jan,2023 in the normal course of business, hence no impairment has been considered at this stage. However, the holding company has made Provision for doubtful debts of Rs. 3438.28 lakhs & Rs. 1890.22 lakhs in respect of due from M/s Ideal Energy project Ltd and M/s Jhabua Power Ltd respectively.

16. a) The Holding Company in earlier years had pledged 23,37,211 Equity Shares of its subsidiary McNally Sayaji Engineering Limited (MSEL) against term loan facilities availed by the said subsidiary. During the quarter ended 31st December, 2020, ICICI Bank Limited had invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the subsidiary Company. The holding Company had objected to the invocation of the said share pledge and undervalued transfer.

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

17. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.

18. Figures for the previous quarters/ periods have been regrouped/ rearranged wherever considered necessary.

Asim Kumar Barman  
Director  
DIN 02373956

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BARMAN

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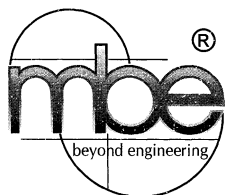
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Ravi Sethia  
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IBBI/IPA-001/IP-P01305/2018-19/12052  
Resolution Professional

**Place** : Kolkata

**Dated** : 13<sup>th</sup> February, 2023



## McNally Bharat Engineering Company Limited

CIN: L45202WB1961PLC025181

Corporate Office: Ecospace Campus 2B 11F/12

New Town Rajarhat North 24 Parganas Kolkata-700160

Telephone +91 3344591111

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

Registered Office: 4 Mangoe Lane Kolkata-700001

### Details of Director

Name of Director	Mr. Nilotpal Roy
Nature of Directorship	Independent Director
Date of Birth	14/01/1948
Qualification	M. Tech. (Chemical Engineering) B. Tech. (Chemical Engineering)
Expertise in specific functional areas	Engineering, Iron & Steel Industries, Management & Leadership, Business Development, Administration, etc.
Brief Profile	Mr. Nilotpal Roy is an engineering professional with experience of more than four decades in various Central Public Sector Enterprises (CPSEs) such as SAIL, Durgapur Steel Plant, IISCO Steel Plant and renowned private sector Companies e.g. Adhunik Metaliks Limited, Neo Metaliks Limited. He is also an Independent Director in McNally Sayaji Engineering Company Limited. Previously, he had held the position of Managing Director, SAIL – IISCO Steel Plant.
Listed entities in which the Director also holds directorship and membership of Committees of Board of such entities	<b>Non-executive Independent Director:</b> McNally Sayaji Engineering Limited <b>Audit Committee, Nomination &amp; Remuneration Committee and Stakeholders' Relationship Committee:</b> McNally Sayaji Engineering Limited
Relationships between directors ( <i>inter-se</i> )	Nil
Shareholding in the Company	Nil

### McNally Bharat Engineering Company Limited

(A company under Corporate Insolvency Resolution Process of IBC, 2016)

INDRANI  
RAY

Indrani Ray  
Company Secretary

Place: Kolkata

Date: February 13, 2023

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