

McNally Bharat Engineering Company Limited

CIN: L45202WB1961PLC025181
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Registered Office: 4 Mangoe Lane Kolkata-700 001



12th February 2022

The 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 Board Meeting: Unaudited Financial Results for the Third Quarter and Nine-months ended 31st December 2021 (“the Results”)

Scrip Code/Symbol: 532629/MBECL

We refer to our Intimation on 28th January 2022 regarding Board Meeting of the Company scheduled on 12th February 2022.

The Board of Directors having met today, approved the Unaudited Financial Results of the Company for the Third Quarter and Nine-months ended 31st December 2021 (the “Results”). The Meeting ended at about 2.45 PM.

Enclosed herewith:

- (i) the Results, duly signed by Mr. Srinivash Singh, Managing Director;
- (ii) Limited Review Report by V. Singhi & Associates, Statutory Auditors, on the Results.

Yours faithfully,

For McNally Bharat Engineering Company Limited

Indrani Ray
Company Secretary

Encl: As above

V. SINGHI & ASSOCIATES
Chartered Accountants

Phone: 2210 1124
2210 1125
E-mail: vsinghiandco@gmail.com
Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata - 700 001

Independent Auditor's Report on Limited Review of the Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2021 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
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 31st December, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, 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 from 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

The Company has not recognized interest expense on Bank Borrowings amounting to Rs. 24,104.14 Lakhs for the nine months ended 31st December, 2021 (Rs. 8,016.78 Lakhs for the quarter ended 31st December, 2021 and Rs. 23,560.27 Lakhs for the nine months ended 31st December, 2020) and Rs.191.80 Lakhs for the nine months ended 31st December, 2021 (Rs. 65.00 Lakhs for the quarter ended 31st December, 2021 and Rs. 190.80 Lakhs for the nine months ended 31st December, 2020) on Inter-Corporate Borrowings as referred in Note 4 to the Statement. As a result, finance costs and total comprehensive loss for the quarter and nine months ended 31st December, 2021 are understated to that extent.

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

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

6. Emphasis of Matters

a) Material uncertainty related to Going Concern

The Company has reported net loss of Rs. 1,349.70 Lakhs during the nine months ended 31st December, 2021. We draw attention to Note 5 to the Statement that the company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. As informed to us by the Management the Company is currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty as to the Company's ability to continue as a going concern as it is solely dependent on the lenders' acceptance of the company's debt restructuring proposal. Based on the Board of Directors' expectation of a positive outcome of the restructuring proposal, this Statement has been prepared on a going concern basis.

b) Management's assessment of impact of COVID-19

We draw attention to Note 6 to the Statement describing the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Company.



c) We draw attention to Note No 8 of the Statement with respect to Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation receivable from respective parties and consequential adjustments, outcomes of pending arbitration/ settlements and adjustments arising therefrom, if any required. The management, however, does not expect any material variation. Management is also hopeful for recovery/realization of receivables which include 47,008.01 Lakhs under Arbitration/ Proposed Arbitration and also other current assets in the normal course of business, hence no impairment has been done at this stage.

d) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Statement that the Company had recognized deferred tax assets of Rs. 51,706.60 Lakhs up to 31st March, 2018 expecting adequate future taxable profits to the Company against which the deferred tax assets could be realized, which however is solely dependent on the acceptance of the debt restructuring proposal. The Company has not recognized any deferred tax assets thereafter on prudent basis.

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

We draw attention to Note 9 of the Statement regarding 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited pledged by the company with ICICI Bank for term loan facility enjoyed by the subsidiary company which was invoked by the said bank for Re. 1 only. The Subsidiary Company has objected to such invocation by the bank vide its letter dated 15th December, 2020. The Company has also filed a claim amounting to Rs 7,375.33 Lakhs with Resolution Professional of MSEL in March, 2021 against receivables, advances including Rs. 4,079.54 Lakhs towards compensation for such invocation at average cost price thereof. As such the Company has not made any adjustment to the carrying value of its investment/ receivables in the Subsidiary Company as on 31st December, 2021.

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

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



(D. PAL CHOUDHURY)
Partner
Membership No. 016830
UDIN:22016830ABOSDF5891

Place: Kolkata
Date: 12th February, 2022

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGO LANE, Kolkata 700 001
Web: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 3014-1111
Statement of unaudited Standalone Financial Results for the quarter ended 31 December, 2021

Particulars	(Rs. in Lakhs, unless otherwise stated)					
	Three months ended			Nine months ended		Year ended
	31 December 2021	30 September 2021	31 December 2020	31 December 2021	31 December 2020	31 March 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenue from operations						
(a) Net sales/ Income from operations	7,091.92	6,234.33	7,272.28	19,496.62	21,214.53	33,138.65
(b) Other operating income	280.39	80.94	32.66	378.14	70.12	139.68
Total income from operations	7,372.31	6,315.27	7,304.94	19,874.76	21,284.65	33,278.33
2 Other income	2,012.57	1,217.03	747.65	4,108.38	2,450.76	2,589.15
3 Total income (1+2)	9,384.88	7,532.30	8,052.59	23,983.14	23,735.41	35,867.48
4 Expenses						
(a) Cost of materials consumed	3,393.87	1,528.26	3,074.75	6,578.29	8,506.80	13,608.72
(b) Outsourcing expenses to Job workers	2,686.39	2,594.29	3,307.92	8,220.87	9,273.18	12,280.65
(c) Employee benefits expense	1,138.96	1,123.26	1,254.32	3,326.09	3,347.93	4,559.99
(d) Finance costs	1,284.35	1,153.58	748.38	3,349.81	3,901.58	4,227.62
(e) Depreciation and amortization expense	200.92	136.58	161.08	470.37	549.01	673.90
(f) Other expenses	566.88	1,025.19	1,621.44	3,396.29	4,530.40	5,520.17
Total expenses	9,271.37	7,561.16	10,167.89	25,341.72	30,108.90	40,871.06
5 Profit/(Loss) before tax (3-4)	113.51	(28.86)	(2,115.30)	(1,358.58)	(6,373.49)	(5,003.58)
6 Tax expenses:						
Deferred tax	-	-	-	-	-	-
7 Profit/(Loss) for the period/year (5-6)	113.51	(28.86)	(2,115.30)	(1,358.58)	(6,373.49)	(5,003.58)
8 Other comprehensive income						
(a) Items that will not be reclassified to profit or loss	4.44	4.44	0.23	8.88	4.70	17.75
Total other comprehensive income (net of income tax)	4.44	4.44	0.23	8.88	4.70	17.75
9 Total comprehensive income for the period/year (7+8)	117.95	(24.42)	(2,115.07)	(1,349.70)	(6,368.79)	(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	21,157.08
11 Reserves excluding revaluation reserve	-	-	-	-	-	(13,776.18)
12 Earnings per share (of Rs. 10/- each) (not annualised):						
Basic	0.05	(0.01)	(1.00)	(0.64)	(3.01)	(2.36)
Diluted	0.05	(0.01)	(1.00)	(0.64)	(3.01)	(2.36)

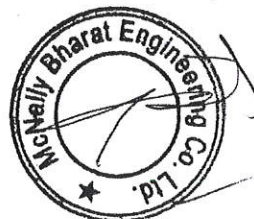
Also refer accompanying notes to the financial results.



McNally Bharat Engineering Company Limited

Notes to the Statement of Standalone Unaudited Financial Results for the quarter ended 31st December, 2021

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12th February, 2022.
2. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. 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.
4. The Company has been categorised as Non-Performing Asset by the lender banks and majority of the lender banks have discontinued debiting interest on their outstanding debts. Accordingly, the Company has not recognised interest expense of Rs.8081.78 Lakhs for quarter ended 31st December,2021 (Rs.8016.78 Lakhs and Rs.65.00 Lakhs interest expenses on Bank borrowings and Inter-Corporate borrowings respectively) Rs.7,873.03 Lakhs for the quarter ended 31st December, 2020 (Rs.7809.43 Lakhs and Rs.63.60 Lakhs interest expenses on Bank borrowings and Inter-Corporate borrowings respectively), Rs 24295.94 Lakhs for the nine-months ended 31st December 2021 (Rs 24104.14 Lakhs and Rs 191.80 Lakhs interest expenses on Bank borrowings and Inter-Corporate borrowings respectively) and Rs 23751.07 Lakhs for the nine months ended 31st December 2020 (Rs 23560.27 Lakhs and Rs 190.80 Lakhs interest expenses on Bank borrowings and Inter-Corporate borrowings respectively).
5. The Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control. The Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company has submitted its Resolution Plan to the lenders for restructuring and the lenders have done the Techno Economic Viability (TEV) study of the Resolution Plan. The Management is evaluating various options and hopeful that with the support of the lenders and on approval of the Resolution Plan, the Company will be able to generate



sufficient cash flows through profitable operations to discharge its financial obligations. Hence, the Board of Directors have decided to prepare the Standalone Unaudited Financial Results on a going concern basis.

6. The World Health Organization (WHO) declared outbreak of COVID-19, a global pandemic and consequent to this, Government of India (GOI) as well as State Governments declared various restrictions and protocols for compliance as well as imposed lockdowns from time to time. The COVID-19 significantly impacted overall business operations globally, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc., and the Company was not an exception. Post lockdown with the phased resumption of operations in consideration of directives from the GOI as well as respective State Governments, the business of the Company gradually started regaining its normalcy in terms of volume as well as cash flow. However, the onset of second wave of COVID – 19 resulted in another disruption in business operation adversely affecting in the performance, as evident from the financial results of the first quarter onwards of Financial Year 2021-2022. The Company has evaluated its liquidity position and recoverability and carrying value of its assets and has concluded that no material adjustments are required currently at this stage.
7. The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs up to 31st March, 2018. The Company believes that based on the infusion of fresh funds to the Company coupled with lenders' support on the debt restructuring proposal; 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 principle of prudence..
8. 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 and adjustments arising therefrom, if any. The Management, however, does not expect any material variation, and is hopeful for recovery/realisation of receivables which include 47,008.01 Lakhs under Arbitration/ Proposed Arbitration and also other current assets in the normal course of business, hence no impairment has been done at this stage.
9. McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares of McNally Sayaji Engineering Limited being its subsidiary as security against the term loan facilities granted thereto by ICICI Bank Limited. During the



quarter ended 31st December, 2020, ICICI Bank Limited invoked pledge created over these shares for a transfer value of Re. 1 only adjusted towards the overdue amounts of the Company. The Company has objected to the said invocation of pledge and undervalued transfer. The Company has also filed a claim amounting to Rs 7375.33 Lakhs with Resolution Professional of MSEL in March, 2021 against receivables, advances including Rs. 4,079.54 Lakhs towards compensation for such invocation at average cost price thereof. As such the Company has not made any impairment to the carrying value of Investments/ Receivables in MSEL as on 31st December, 2021 pending approval of Resolution from lenders of the subsidiary.

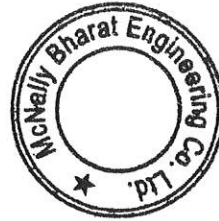
10. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
11. Figures for the previous quarters/periods have been regrouped/ rearranged wherever considered necessary.


SRINIVASH SINGH

Managing Director (DIN 00789624)

Date : 12th February, 2022

Place: Kolkata



Independent Auditor's Report on Limited Review of the Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2021 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
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"), its subsidiaries and joint ventures (the Holding Company, its subsidiaries and joint ventures together referred to as "the Group") for the quarter and nine months ended 31st December, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, 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 from material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



5. Basis for Adverse Conclusion

The Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited has not recognised interest expense on Bank borrowings and Inter corporate borrowings amounting to Rs. 24,706.40 Lakhs and Rs. 662.37 Lakhs respectively for the nine months ended 31st December, 2021 (including Rs. 8,976.18 Lakhs and Rs.222.43 Lakhs interest expenses on Bank borrowings and Inter Corporate borrowings respectively for the quarter ended 31st December, 2021) as referred in Note 4 to the Statement. As a result, finance costs and total comprehensive loss for the nine months ended 31st December, 2021 are understated to that extent. Further Interest expense not recognized on bank borrowings and inter corporate borrowings for the year ended 31st March, 2021 was 35,615.61 Rs. Lakhs and Rs. 819.80 Lakhs respectively. This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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

7. Emphasis of Matters

a) Material uncertainty related to Going Concern

The Group has reported net loss of Rs. 1,371.07 Lakhs during the nine months ended 31st December, 2021. We draw attention to Note 5 to the Statement that the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding Company's management and the Subsidiary Company's management are currently in discussion with the lenders for carrying out a debt restructuring proposal as informed to us by the Management. 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 solely dependent on the acceptance of the debt restructuring proposal of the Holding Company. Based on the Holding Company's and Subsidiary Company's Board of Directors' assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.



b) Management's assessment of impact of COVID-19

We draw attention to Note 6 to the Statement which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Group.

- c) We draw attention to Note No 8 of the Statement with respect to Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation receivable from respective parties and consequential adjustments, outcomes of pending arbitration/ settlements and adjustments arising therefrom, if any required. The management, however, does not expect any material variation. Management is also hopeful for recovery/realization of receivables which include 47,008.01 Lakhs under Arbitration/ Proposed Arbitration and also other current assets in the normal course of business. Hence no impairment has been done at this stage.

d) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Statement that the Group had recognised 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 can be realised, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Group has not recognised further deferred tax assets thereafter on prudent basis.

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

We draw attention to Note 9 of the Statement regarding the Subsidiary Company, McNally Sayaji Engineering Limited's lender, ICICI Bank's Invocation per its letter dated 27th November 2020 of 23,37,211 Equity Shares of the said Subsidiary Company for Re. 1 only pledged by the Company, for Term Loan facility availed by the Subsidiary Company. The Subsidiary Company has objected to such invocation by the bank vide its letter dated 15th December, 2020. The Company has also filed a claim amounting to Rs 7,375.33 Lakhs with Resolution Professional of MSEL in March, 2021 towards receivables, advances including Rs. 4,079.54 Lakhs towards compensation for such invocation at average cost price thereof. As such the Company has not made any adjustment to the carrying value of its investment/ receivables in the Subsidiary Company as on 31st December, 2021. Our conclusion on the Statement is not modified in respect of these matters.

8. The Statement includes the results of the following entities:

Wholly Owned Subsidiary Companies of the Holding Company

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



Subsidiary Company of the Holding Company

- McNally Sayaji Engineering Limited

Step-down subsidiary of the Holding Company

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

Joint Ventures of the Holding Company

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

9. Other Matters

The Consolidated Financial Results include the Consolidated Financial Results of one Subsidiary whose Consolidated Financial Results reflect in Group's share of total revenue of Rs. 11,896 Lakhs for the nine months ended 31st December, 2021, and Group's share of total net loss of Rs. 21 Lakhs for the nine months ended 31st December, 2021, as considered in the Consolidated Financial Results, which have been reviewed 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.

The Consolidated Financial Results include the unaudited Financial Information/Results of two foreign subsidiaries and one Indian subsidiary whose Interim Financial information/results reflect, Group's share of total revenue of Rs. Nil for the nine months ended 31st December, 2021 and Group's share of total net loss of Rs. 0.07 Lakhs for the nine months ended 31st December 2021, as considered in the Consolidated Financial Results. These unaudited Financial Information/Results have been furnished to us by the Board of Directors 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.

We draw attention to Note 10 to the Statement that the results of the Joint Ventures 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 conclusion on the Statement is not modified in respect of the above matters.

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



(Handwritten signature of D. Pal Choudhury)

(D. PAL CHOUDHURY)
Partner

Membership No. 016830
UDIN:22016830ABOTSU4966

Place: Kolkata
Date: 12th February, 2021

McNALLY BHARAT ENGINEERING COMPANY LIMITED
 CIN: L45202WB1961PLC025181
 Regd. Office: 4 MANGOE LANE, Kolkata 700 001
 Website: www.mcnallybharat.com, Email id: mbecl@mcnallybharat.co.in, Phone no: (033) 6628-1213
Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2021

Particulars	(Rs. in Lakhs, unless otherwise stated)					
	For The Three months ended			Nine months ended		
	31st December 2021	30th September 2021	31st December 2020	31st December 2021	31st December 2020	31st March 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Revenue from operations	11,560.01	10,857.26	12,049.33	31,573.55	32,648.20	50,151.85
2 Other income	2,002.20	1,269.05	831.74	4,155.63	2,584.04	3,033.64
3 Total income (1+2)	13,562.21	12,166.31	12,881.05	35,729.18	35,232.24	53,185.49
4 Expenses						
(a) Cost of materials consumed	5,478.37	3,606.76	5,508.27	12,062.88	13,267.11	20,991.44
(b) Changes in Inventories of work-in-progress and finished goods	(8.15)	351.88	(102.00)	396.85	612.00	1,367.00
(c) Outsourcing expenses to job workers	2,886.39	2,594.29	3,221.32	8,220.87	8,845.96	11,840.79
(d) Employee benefits expense	1,801.16	1,814.58	2,065.16	5,406.29	5,549.77	7,563.99
(e) Finance costs	1,372.35	1,257.24	864.41	3,633.81	4,206.61	4,616.82
(f) Depreciation and amortisation expense	366.83	296.52	327.10	964.28	1,334.02	1,624.86
(g) Other expenses	1,795.05	2,100.53	2,940.19	6,425.15	7,477.36	9,531.16
Total expenses	13,493.00	12,023.80	14,822.44	37,110.13	41,294.83	57,535.84
5 Profit / (Loss) before tax and Exceptional Items (3-4)	69.21	142.50	(1,941.39)	(1,380.95)	(6,062.59)	(4,350.36)
6 Exceptional Items	-	-	-	-	-	-
Profit / (Loss) before tax (5-6)	69.21	142.50	(1,941.39)	(1,380.95)	(6,062.59)	(4,350.36)
7 Tax expenses:						
(a) Current tax	-	-	-	-	-	-
(b) Provision Written Back	-	-	-	-	-	-
(c) Deferred tax	-	-	-	-	-	-
8 Profit / (Loss) for the period/year (5-6)	69.21	142.50	(1,941.39)	(1,380.95)	(6,062.59)	(4,350.36)
9 Other Comprehensive Income						
(a) Items that will not be reclassified to profit or loss	-	4.44	(1.77)	9.88	(27.30)	35.75
(b) Income tax relating to these items	-	-	-	-	-	-
Total other comprehensive income (net of income tax)	-	4.44	(1.77)	9.88	(27.30)	35.75
10 Total comprehensive income for the period/year (8+9)	69.21	146.94	(1,943.16)	(1,371.07)	(6,089.89)	(4,314.61)
11 Profit/(Loss) attributable to:						
Owners of MBECL	77.37	110.97	(1,973.45)	(1,376.84)	(6,119.91)	(4,471.52)
Non-Controlling interest	(8.17)	31.54	32.06	(4.11)	57.32	121.16
Total	69.21	142.50	(1,941.39)	(1,380.95)	(6,062.59)	(4,350.36)
12 Other Comprehensive income is attributable to:						
Owners of MBECL	-	4.08	(1.40)	9.70	(21.40)	32.43
Non-Controlling interest	-	0.36	(0.37)	0.18	(5.90)	3.32
Total	-	4.44	(1.77)	9.88	(27.30)	35.75
13 Total Comprehensive income is attributable to:						
Owners of MBECL	77.38	115.04	(1,974.85)	(1,367.14)	(6,141.31)	(4,439.09)
Non-Controlling interest	(8.17)	31.90	31.69	(3.93)	51.42	124.48
Total	69.21	146.94	(1,943.16)	(1,371.07)	(6,089.89)	(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
15 Reserve excluding revaluation reserve						(24,602.10)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):						
Basic	0.04	0.07	(0.92)	(0.65)	(2.87)	(2.11)
Diluted	0.04	0.07	(0.92)	(0.65)	(2.87)	(2.11)

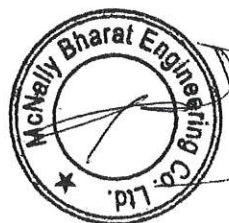
Also refer accompanying notes to the Financial Results.



McNally Bharat Engineering Company Limited

Notes to the Statement of Consolidated Unaudited Financial Results for the quarter ended 31st December, 2021

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12th February, 2022.
2. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The holding company along with its subsidiaries is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.
4. The holding company and one of its subsidiary companies, namely, McNally Sayaji Engineering Limited (MSEL) have not recognised interest expense on Bank borrowings and Inter corporate borrowings amounting to Rs. 24,706.40 Lakhs and Rs. 662.37 Lakhs respectively for the nine months ended 31st December, 2021 (including Rs. 8,976.18 Lakhs and Rs.222.43 Lakhs interest expenses on Bank borrowings and Inter Corporate borrowings respectively for the quarter ended 31st December, 2021). As a result, finance costs and total comprehensive loss for the nine months ended 31st December, 2021 are understated to that extent. Further Interest expense not recognized on bank borrowings and inter corporate borrowings for the year ended 31st March, 2021 was Rs 35,615.61 Lakhs and Rs. 819.80 Lakhs respectively.
5. The Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control. The Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company has submitted its Resolution Plan to the lenders for restructuring and the lenders have done the Techno Economic Viability (TEV) study of the Resolution Plan. The Management is evaluating various options and hopeful that with the support of the lenders and on approval of the Resolution Plan, the Company will be able to generate sufficient cash flows through profitable operations to discharge its financial obligations. Hence, the Board of Directors have decided to prepare the Standalone Unaudited Financial Results on a going concern basis.



6. The World Health Organization (WHO) declared outbreak of COVID-19, a global pandemic and consequent to this, Government of India (GOI) as well as State Governments declared various restrictions and protocols for compliance as well as imposed lockdowns from time to time. The COVID-19 significantly impacted overall business operations globally, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. and the Company was not exception. Post lockdown, with the phased resumption of operations in consideration of directives from the GOI as well as respective State Governments, the business of the Company gradually started regaining normalcy in terms of volume as well as cash flow. However, the onset of second wave of COVID – 19 resulted in another disruption in business operation adversely affecting the performance. The Company has evaluated its liquidity position and recoverability and carrying value of its assets and has concluded that no material adjustments are required at this stage.
7. The holding company along with its subsidiaries had recognised Deferred Tax Assets amounting to Rs 57,940.49 Lakhs upto 31st March, 2019. The Company believes that based on the infusion of fresh funds to the Company coupled with the lenders' support on the debt restructuring proposal, adequate future taxable profits will be 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 principle of prudence. .
8. 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 and adjustments arising therefrom, if any. The Management, however, does not expect any material variation, and is hopeful of recovery/realisation of receivables which include Rs 47,008.01 Lakhs under Arbitration/ Proposed Arbitration and also other current assets in the normal course of business, Hence no impairment has been done at this stage.
9. McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares of McNally Sayaji Engineering Limited being its subsidiary as security against the term loan facilities granted thereto by ICICI Bank Limited. During the quarter ended 31st December, 2020, ICICI Bank Limited invoked pledge created over these shares for a transfer value of Re. 1 only adjusted towards the overdue amounts of the Company. The Company has objected to the said invocation of pledge and undervalued transfer. The Company has also filed a claim amounting to Rs 7375.33



Lakhs with Resolution Professional of MSEL in March, 2021 against receivables, advances including Rs. 4,079.54 Lakhs towards compensation for such invocation at average cost thereof. As such the Company has not made any impairment to the carrying value of Investments/ Receivables in MSEL as on 31st December, 2021 pending approval of Resolution from lenders of the said subsidiary.

10. The results of the Joint Ventures of the holding company i.e. EMC MBE Contracting Company LLC, McNally-Troxex, McNally-AML and McNally-Troxex-Kilburn including their carrying value in the Financial Results of the holding company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.
11. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
12. Figures for the previous quarters/periods have been regrouped/ rearranged wherever considered necessary.



SRINIVASH SINGH
Managing Director
(DIN 00789624)

Date: 12th February, 2022

Place: Kolkata

