
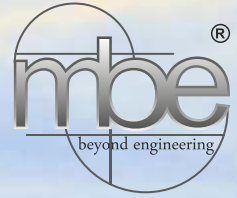


ANNUAL REPORT 2021-22
McNally Bharat Engineering Company Limited
Member  Williamson Magor Group



Thriving on
Challenges

McNally Bharat Engineering Company Limited

Member  Williamson Magor Group

Annual Report 2021-22

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The facts and information provided in these financial statements relates to a period prior to appointment of the Interim Resolution Professional (IRP) . Therefore, the IRP can neither verify nor provide any representation whatsoever on the veracity of the information provided herein. The IRP gives no representation regarding the figures contained herein being true or providing fair and accurate view of the financial position or performance of the Company. The IRP has taken note of these statements only for the purposes of compliance.

THE BOARD OF DIRECTORS

Mr. Aditya Khaitan

Chairman

Mr. Srinivash Singh

Managing Director

Mr. Asim Kumar Barman

Mr. Nilotpal Roy

Ms. Arundhuti Dhar (resigned w.e.f. 03.08.2022)

Ms. Kasturi Roychoudhury

CHIEF FINANCIAL OFFICER

Mr. Brij Mohan Soni

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Indrani Ray

REGISTERED OFFICE

4 Mangoe Lane, 7th Floor

Kolkata – 700001

West Bengal, India

CORPORATE OFFICE

Campus 2B, Ecospace Business Park,

11F/12 Rajarhat, New Town

North 24 Parganas

Kolkata – 700156

West Bengal, India

REGISTRAR & SHARE TRANSFER AGENT

Maheshwari Datamatics Private Limited

23, R. N. Mukherjee Road, 5th Floor Kolkata – 700 001

West Bengal, India

STATUTORY AUDITORS

V. Singhi & Associates

Chartered Accountants

Four Mangoe Lane

Surendra Mohan Ghosh Sarani

Kolkata – 700 001

West Bengal, India

INTERIM RESOLUTION PROFESSIONAL

Mr. Anuj Jain

IP Registration no. IBBI/IPA-001/IP-

P00142/2017-2018/10306

8th Floor, Building No. 10.

DLF Cyber City, Phase II ,

Gurgaon, Haryana , 122002

COST AUDITORS

A. Bhattacharya & Associates

AB-275, Salt Lake City,

Kolkata – 700064

West Bengal, India

SECRETARIAL AUDITORS

A.K. Labh & Co.

Company Secretaries

40, Weston Street, 3rd Floor

Kolkata – 700 013

West Bengal, India

SOLICITORS

Khaitan & Co. LLP

1B, Old Post Office Street,

Kolkata – 700 001

West Bengal, India

Vision & Mission Statement

VISION

- We shall be a growth-oriented global organization, delighting our stakeholders through innovation and excellence in all our activities.
- We shall be a learning organization, focused on competence enhancement and people involvement.
- We shall demonstrate high standards of corporate governance and commitment towards environment and society.

MISSION

- Grow continually in terms of the expanding ambit of our business, making forays into newer and newer areas.
- Maintain high standards of quality in all our products and services.
- Employ, develop and retain high standards of human resources.
- Enable and empower our people at all levels to enrich themselves as individuals and as members of a team, guided by a set of standards for accountability & integrity.
- Serve the society within which we operate to enhance the quality of life around.

McNally Bharat Engineering Company Limited

Corporate Identity Number (CIN): L45202WB1961PLC025181

Registered Office: 4 Mangoe Lane, 7th Floor, Kolkata- 700 001, West Bengal, India

Tel: +9133-6628 1212, Fax No: +9133 3014 1212,

E-mail: mbecl@mbecl.co.in | Website: http://www.mcnallybharat.com

Notice

NOTICE is hereby given that the Fifty Ninth (59th) Annual General Meeting of the Members of McNally Bharat Engineering Company Limited will be held at 3:30 p.m. IST on Wednesday, 7th September 2022, through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

Background:

The Members are hereby informed that pursuant to the Order dated 29th April 2022 ("CIRP Commencement Date") of the National Company Law Tribunal, the Corporate Insolvency Resolution Process ("CIRP") has been initiated against the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code") and the related rules and regulations issued thereunder. As a result, pursuant to Section 17 of the Code, the powers of the Board of Directors of the Company ("Board of Directors") stand suspended from the CIRP Commencement Date and are vested with Mr. Anuj Jain (having IP registration number IBBI/PA-001/IP-P00142/2017-2018/10306), who was appointed as the Interim Resolution Professional of the Company in terms of the Order.

Ordinary Business:

1. To receive, consider and adopt:
 - (a) the audited financial statement of the Company for the financial year ended 31st March 2022, and the Reports of the Directors and the Auditors thereon and
 - (b) the audited consolidated financial statement of the Company for the financial year ended 31st March 2022 and the Report of the Auditors thereon.
2. To consider non-declaration of dividend on Non-convertible Redeemable Preference Shares for the Financial Year ended 31st March 2022:

In absence of profit for the current year (2021-22), it is considered prudent not to recommend any dividend on Equity Shares for the year under review. Further, in view of accumulated losses, no dividend be rewarded to the Non-convertible Redeemable Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-convertible Redeemable Preference Shares of Rs. 100/- each.
3. To appoint a Director in place of Mr. Aditya Khaitan (DIN: 00023788) who retires by rotation and, being eligible, has sought for his re-appointment, provided that pursuant to Section 17 of the Code, his powers as a Director shall stand suspended during the continuance of the CIRP Process.

Special Business:

4. To approve the remuneration of the Cost Auditors for the financial year ending 31st March 2023

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor M/s. A. Bhattacharya & Associates, Cost Accountants, appointed as the Cost Auditor of the Company, by the Interim Resolution Professional under the ongoing Corporate Insolvency Resolution Process ("CIRP") as per provisions of the Insolvency and Bankruptcy Code, 2016 (the Code) in terms of Order dated 29th April 2022 passed by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, for conducting audit of cost accounting records maintained by the Company as applicable, for the financial year 2022-23, the details of which are given in the explanatory statement in respect of this item of business annexed to the Notice convening this Meeting, be and is hereby ratified;

RESOLVED FURTHER that the Interim Resolution Professional has all powers under the Code to take such actions, and execute all such documents, as may be necessary and applicable to give effect to this Resolution."

For McNally Bharat Engineering Company Limited
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain

Interim Resolution Professional

IP Registration No. IBBI/PA-001/IP-P00142/2017-18/10306

22nd July 2022
Kolkata

Indrani Ray
Company Secretary

Notes

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), Secretarial Standard-2 on General Meetings and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Business is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April 2020, Circular No.17/2020 dated 13th April 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5th May 2020, Circular No. 02/2021 dated 13th January 2021, Circular No. 02/2022 dated 5th May 2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate at the ensuing 59th Annual General Meeting (59th AGM / AGM) through VC/OAVM.
3. Pursuant to the Circular No. 14/2020 dated 8th April 2020 issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the bodies corporate are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members seeking any information / clarification with regard to the accounts or any matter to be dealt at the AGM, are requested to write at mbecl@mbecl.co.in on or before 30th August 2022.
6. All the documents referred to in the Notice and Statutory Registers maintained under Section 170 and Section 189 of the Companies Act 2013, will be available for electronic inspection during the AGM.
7. The relevant details in respect of Directors seeking appointment/re-appointment at the AGM in terms of Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, is annexed.
8. In compliance with the aforesaid MCA and SEBI Circular, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode at the email addresses of members as registered with the RTA / Depositories as on 30th August 2022. Physical Copy of Notice and/or Annual Report will not be sent to any member.

Members may note that the Notice and Annual Report 2021-22 will also be available at the Company website www.mcnallybharat.com and websites of the Stock Exchanges, viz. BSE Limited and National Stock Exchange of India Limited, at www.bseindia.com and www.nseindia.com respectively and also the e-voting agency, viz. National Securities Depository Limited (NSDL) website at <https://www.evoting.nsdl.com>.

9. As per Regulation 40 of Listing Regulations, the equity share(s) of the Company can be transferred only in dematerialized form. In view of this and to eliminate risks associated with physical shares, members holding shares in physical form are advised to convert their holdings into dematerialized form.
10. (A) Members holding shares in physical mode are:
 - i) required to submit their Bank Account details, E-mail ID and PAN to the Company/ RTA, as mandated by the Securities and Exchange Board of India (SEBI) including the change, if any;
 - ii) requested to opt for the Electronic Clearing System (ECS) mode for instant and secured receipt of dividend in future;
 - iii) advised to make nomination in respect of their shareholding in Form SH13;
 - iv) requested to send their share certificates to RTA for consolidation, in case shares are held under two or more folios; and
 - v) informed that the shares in physical mode will not be accepted for transfer.

(B) Members holding shares in electronic mode are:

- i) requested to submit their address, Bank Account Details, E-mail id and PAN to respective DPs with whom they are maintaining their demat accounts including the change, if any, as mandated by SEBI; and
- ii) advised to contact their respective DPs for availing the nomination facility.

11. Members may note that registration/ updation of their E-mail addresses with RTA, if shares are held in physical mode, or with their DPs, if shares are held in electronic mode would ensure delivery of all future communications from the Company including Annual Reports, Notices, Circulars, etc., without delay or, as the case may be, loss in postal transit.
12. Members are requested to note that, dividends not claimed for a consecutive period of 7 (seven) years from the date of transfer to Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund ("IEPF") of the Government of India. The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority.

In view of this, Members are requested to claim their dividend(s) from the Company, within the stipulated timeline. The Members, whose unclaimed dividend(s)/share(s) have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in prescribed Form No. IEPF-5 available on www.iepf.gov.in.

13. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2011-12, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Unpaid / Unclaimed Final Dividend FY 2012-13 (declared on 27th September 2013) having completed the period of 7 years during FY 2020-21 and thereby transferred to the IEPF Authority on 31st December 2020.

14. Members are requested to address all correspondence relating to the shareholding and dividend to the Registrar & Share Transfer Agent (RTA) of the Company i.e. Maheshwari Datamatics Private Limited, Account MBECL, 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001, Telephone: 033 2243-5029/5809, Fax: 033 2248-4787, Website: www.mdpl.in, E-mail: mdpldc@yahoo.com.

However, keeping in view the convenience of the Members, documents relating to shares including complaints/grievances shall also be received at the Registered Office of the Company at 4 Mangoe Lane, Kolkata- 700 001, e-mail: mbecl@mbecl.co.in.

E-Voting:

1. In compliance with the provisions of Section 108 of the Act, the Rules made there under and Regulation 44 of the SEBI Listing Regulations, Members are provided with the facility to cast their vote electronically, through remote e-voting services provided through NSDL on all Resolutions set-forth in this Notice.
2. The remote e-voting period will commence on 4th September 2022 at 10:00 hours IST and end on 6th September 2022 at 17:00 hours IST. The remote e-voting module shall be disabled by NSDL for voting thereafter.
3. During this period, Members holding shares either in physical form or in dematerialized form, as on 30th August 2022 i.e. cut-off date, may cast their votes electronically. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
4. Those Members, who will be attending AGM through VC/OAVM facility, if not cast their votes on the Resolutions through remote e-voting, and are otherwise not barred from voting so, shall be eligible to vote through e-voting system during the AGM.
5. The Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM through VC / OAVM but shall not be entitled to cast their votes again.
6. The Company has appointed Mr. Prakash Kumar Shaw (Membership No. ACS 32895, COP No. 16239), Practicing Company Secretary, Kolkata, to act as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

7. Members can join the AGM in VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
8. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8th April 2020, 13th April 2020, 5th May 2020 and 5th May 2022, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
9. Members are requested to carefully read all the instructions regarding attending the AGM through VC/OAVM, casting votes through remote e-voting and other guidelines / instructions as given below.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-voting period begins on 4th September 2022 at 10:00 A.M. and ends on 6th September 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 30th August 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 30th August 2022.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9th December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp |

| Type of shareholders | Login Method |
|--|--|
| | <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p>  App Store  Google Play </p>   |
| Individual Shareholders holding securities in demat mode with CDSL | <p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will also be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p> |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at [abovementioned website](https://www.evoting.nsdl.com/).

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request atevoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022- 23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

- Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
 8. Now, you will have to click on “Login” button.
 9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csprakashshaw@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “**Upload Board Resolution / Authority Letter**” displayed under “**e-Voting**” tab in their login.
2. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. **29th July, 2022** may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. **1800 1020 990 and 1800 22 44 30**. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. 30th August 2022 may follow steps mentioned in the Notice of the AGM under Step 1 : “Access to NSDL e-Voting system”(Above).

3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the Resolutions set out in this Notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to mbecal@mbeccl.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to mbecal@mbeccl.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9th December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join Meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker and may send their request mentioning their name, demat account number/folio number, email id, mobile number at mbecal@mbocl.co.in latest by 5:00 p.m. (IST) on Tuesday, 30th August 2022.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at mbecal@mbocl.co.in latest by 5:00 p.m. (IST) on Tuesday, 30th August 2022. The same will be replied by the Company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
9. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.

Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Senior Manager, NSDL at evoting@nsdl.co.in or call 1800 1020 990 / 1800 22 44 30.

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 in respect of the Items of Special Business set out in the Notice convening the Meeting:**Item No. 4**

The Interim Resolution Professional under the ongoing Corporate Insolvency Resolution Process ("CIRP") as per provisions of the Insolvency and Bankruptcy Code, 2016 (the Code) in terms of Order dated 29th April 2022 passed by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, at the Meeting held on 30th May 2022, approved the re-appointment of M/s A. Bhattacharya & Associates, Cost Accountants, as Cost Auditors of the Company, subject to approval(s) as may be necessary, to conduct audit of Cost Records maintained by the Company in respect of products as applicable for the financial year 2022-23 at a remuneration of Rs. 2,00,000/- plus taxes as applicable and reimbursement of out-of-pocket expenses at actuals.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors needs ratification by the Members of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at item no. 4 of the Notice for approval of the remuneration payable to the Cost Auditors for the financial year ending 31st March 2023.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Ordinary Resolution set out at Item no. 4 is hereby recommended for approval of the Members.

Information of the Director offering themselves for appointment / re-appointment, pursuant to the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Mr. Aditya Khaitan (DIN: 00023788)

| | |
|---|--|
| Name of Director | Mr. Aditya Khaitan |
| Date of Birth | 30/01/1968 |
| Qualification | B. Com (Hons) |
| Expertise in specific functional areas | Industrialist, Entrepreneurship, Management, Accounts & Finance, Leadership, Strategic Planning, etc. |
| Brief Profile | Mr. Aditya Khaitan hails from a renowned family of industrialists, having interest in diverse business activities. Mr. Khaitan has in-depth exposure to and involvement in steering diverse business and has gained considerable experience and expertise in management, production, marketing, corporate finance and other related areas of tea industry and also in the matter of restructuring, mergers, de-mergers and acquisitions of corporate entities. |
| Listed entities in which the Director also holds directorship and membership of Committees of board of such entities | <u>Non-executive Non-independent Director:</u> Kilburn Engineering Limited McNally Sayaji Engineering Limited Williamson Financial Services Limited <u>Managing Director:</u> McLeod Russel India Limited <u>Audit Committee:</u> McLeod Russel India Limited |
| Relationships between directors <i>inter-se</i> | Nil |
| Shareholding in the Company | Nil |

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain

Interim Resolution Professional

IP Registration No. IBBI/IPA-001/IP-P00142/2017-18/10306

22nd July 2022
Kolkata

Indrani Ray
Company Secretary

Directors' Report

Dear Members,

The Board of Directors and the Interim Resolution Professional (IRP) present the 59th Annual Report of the Company together with the Audited Standalone and Consolidated Financial Statements ("the Financial Statements") and the Auditors Report for the Financial Year ended on 31st March 2022.

CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP)

The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the provisions of the Insolvency and Bankruptcy Code, 2016 (the Code) in terms of Order dated 29th April 2022 passed by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench. Pursuant to initiation of CIRP effective 29th April 2022 vide the aforesaid Order, the adjudicating authority appointed Mr. Anuj Jain (having IP registration number IBBI/IPA-001/IP-P00142/ 2017-18/10306) as the Interim Resolution Professional (IRP).

In terms of Section 17 to 23 of the Code, on commencement of CIRP, the powers of the Board of Directors of the Company and its Committees stand suspended and the same are vested with the IRP. The management of the affairs of the Company has devolved upon the IRP.

FINANCIAL HIGHLIGHTS

The Financial Statements for the financial year ended 31st March 2022 forming part of this Annual Report have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

The highlights of Standalone Financial Statements are set out below:

| Particulars | Rs in Lakhs | |
|---|-------------|-------------|
| | 2021-22 | 2020-21 |
| (A) PROFITABILITY | | |
| 1. Gross Total Revenue | 31,556.68 | 35,867.48 |
| 2. Total Expenses (except depreciation, amortization and finance costs) | 34,000.93 | 35,969.54 |
| 3. Finance Costs | 4,660.53 | 4,227.62 |
| 4. Depreciation & Amortizations | 609.45 | 673.90 |
| 5. Total Expenses (2+3+4) | 39,270.91 | 40,871.06 |
| 6. Profit/(Loss) before Exceptional/ Extraordinary items | (7,714.23) | (5,003.58) |
| 7. Exceptional/Extraordinary items | - | - |
| 8. Profit/(Loss) before Tax | (7,714.23) | (5,003.58) |
| 9. Profit/(Loss) after Tax | (7,714.23) | (5,003.58) |
| 10. Other Comprehensive Income | 42.79 | 17.75 |
| 11. Total Comprehensive Income | (7671.44) | (4985.83) |
| (B) ASSETS & LIABILITIES | | |
| 1. Non Current Assets | 72,447.06 | 74,751.63 |
| 2. Current Assets | 1,82,727.23 | 1,89,578.38 |
| 3. Total Assets (1+2) | 2,55,174.29 | 2,64,330.01 |
| 4. Equity Share Capital | 21,157.08 | 21,157.08 |
| 5. Other Equity | (22,796.45) | (13,776.18) |
| 6. Non-Current Liabilities | 15,080.91 | 15,947.95 |
| 7. Current Liabilities | 2,41,732.75 | 2,41,001.16 |
| 8. Total Equity & Liabilities (4+5+6+7) | 2,55,174.29 | 2,64,330.01 |

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 ("the Act") the Directors hereby confirm that:

- i. in preparation of Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii. they have selected accounting policies which were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2022 and of the profits/losses for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a "going concern" basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

The Interim Resolution Professional confirms the Directors' Responsibility Statement as set out above.

PERFORMANCE

The annexed Management Discussion and Analysis forms part of this report and covers, amongst other matters, the performance of the Company during the financial year 2021-22 as well as the future outlook.

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34(3) read with Schedule V(C) of the Listing Regulations, the report on Corporate Governance along with the certificate from the Statutory Auditor is attached and forms part of this Annual Report.

TRANSFER TO RESERVE

No amount is proposed to be transferred to General Reserve during the year.

DIVIDEND

The Company is still recovering from the repeated waves of COVID-19 and there is uncertainty about the future course of the pandemic. The Board of Directors and the Interim Resolution Professional decided not to recommend dividend to the Equity Shareholders for the said financial year.

Further, in view of the accumulated losses, no dividend will be rewarded to the Non-Convertible Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-Convertible Redeemable Preference Shares of Rs 100/- each.

BOARD MEETINGS

The Board met seven times during the Financial Year ie. 30th June 2021, 14th August 2021, 13th November 2021, 7th December 2021, 13th January 2022, 12th February 2022 and 30th March 2022.

DIRECTORS

The Shareholders approved by Special Resolution at the 58th Annual General Meeting on 30th September 2021, the reappointment of Ms. Arundhuti Dhar (DIN: 03197285) as Non-executive Independent Director, not liable to retire by rotation, for a second term of 5 (five) consecutive years effective from the expiry of her first term.

At the first Board meeting for the financial year 2021-22 held on 19th April 2022, the Independent Directors have confirmed, as required under sub section (7) of Section 149 of the Act read with Regulation 25(8) of the Listing Regulations, that they meet the criteria of independence required under sub-section (6) of Section 149 of the Act and clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations. The Board, after undertaking due assessment of the veracity of the declaration

submitted by the Independent Directors under sub section (6) of Section 149 of the Act read with sub-regulation (9) of Regulation 25 of the Listing Regulations, was of the opinion that the Independent Directors meet the criteria of independence.

Mr. Aditya Khaitan (DIN: 00023788) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Directors recommend the re-appointment of Mr. Aditya Khaitan as a Director on the Board provided that pursuant to Section 17 of the Code, his powers as a Director shall stand suspended during the continuance of the CIRP.

KEY MANAGERIAL PERSONNEL

Mr. Rahul Banerjee (ACS 32796) resigned from the position of Company Secretary & Compliance Officer effective 21st October 2021, close of business hours.

Ms. Indrani Ray (ACS 16826, ACA 63237) was appointed as Company Secretary with effect from 7th December 2021. Pursuant to Regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') Ms. Indrani Ray, Company Secretary, also acts as the Compliance Officer of the Company.

BOARD COMMITTEES

The Board had 5 (five) committees namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Committee of Directors during the Financial Year 2021-22. The Board had a defined set of guidelines, duties and responsibilities and an established framework commensurate with the applicable provisions of the Companies Act and Listing Regulations for conducting the meetings of the said Committees. A detailed note on the Board of Directors and its committees, their scope etc. is provided under the Corporate Governance Report section of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company's Corporate Social Responsibility (CSR) Policy formulated in accordance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 can be accessed on the Company website at the link <https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL-CSR%20Policy-%20Revised%202022.pdf>

The Company was not required to spend any amount on CSR activities during the Financial Year 2021-22 as it had incurred losses during the 3 (three) immediately preceding financial years.

The Report on Corporate Social Responsibility activities for the financial year is attached in the prescribed format as Annexure-1 and forms part of this Report.

COMPANY POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION AND SENIOR MANAGEMENT PERSONNEL APPOINTMENT AND REMUNERATION

The Company's Remuneration Policy for the members of the Board, Key Managerial Personnel and Senior Management Personnel formulated in accordance with Section 178 of the Act read with the Regulation 19(4) of the Listing Regulations can be accessed on the Company website at the link <https://www.mcnallybharat.com/assets/pdf/investor/policy/remuneration-policy.pdf>

The salient features of the Remuneration Policy are as under:

Aims & Objectives:

- 1) The remuneration policy seeks to enable the Company to provide a well- balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
- 2) The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.
- 3) The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Principles of Remuneration

- a) Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- b) Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- c) Internal equity: The Company shall remunerate the Board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- d) External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- e) Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- f) Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- g) Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

ENERGY CONSERVATION MEASURES

The Company maintained highly focussed energy conservation efforts throughout the financial year.

Energy conservation measures taken during the year included:

- (i) routine steps like strict control and monitoring the consumption of energy on a continual basis;
- (ii) preventive maintenance of machines like AC units, DG sets etc. resulting in optimal usage of electrical parts;
- (iii) installation of LED lamps extensively across all sections of the Head Office and Sites, including flood lights;
- (iv) installation of several energy saving equipments progressively throughout the year .

Operational measures included setting of benchmarks with respect to the current year with targets for increased savings, initiatives by energy conservation committees comprising of cross functional groups, close monitoring and performance evaluation of plants and machinery by conducting regular self-audit and up gradation of equipments used at the sites.

Some of the actions planned for next year include replacement of remaining conventional lamps with energy efficient LED lamps.

FOREIGN EXCHANGE EARNINGS & OUTGO

During the Financial Year 2021-22, the foreign exchange earnings of the Company amounted to Rs 321.60 Lakhs as against Rs 1671.16 Lakhs in the previous year. The expenditure in foreign exchange during the Financial Year was Rs 1.42 Lakhs compared to Rs 981.47 Lakhs in the previous year.

AUDITOR AND AUDITOR'S REPORT

At the 58th Annual General Meeting of the Company held in year 2021, the shareholders had approved the appointment of M/s. V. Singhi and Associates, Chartered Accountants (Firm Registration Number 311017E) as the Statutory Auditors of the Company to hold office for 5 (five) consecutive years from the conclusion of the 58th Annual General Meeting till the conclusion of the 63rd Annual General Meeting.

The Report of Auditors contains adverse opinion on the Standalone Financial Statements to which clarification of the Board is furnished hereunder:

| Sl. No. | Adverse opinion | Board's clarification |
|---------|--|--|
| 1 | Non-recognition of Interest Expense The Company has not recognised interest expense on Bank borrowing amounting to Rs 95,766.40 Lakhs and Inter-Corporate Borrowings amounting to Rs 706.40 Lakhs till the financial year ended 31st March, 2022 as stated in Note 12(b)(ii) & 46 to the Standalone Financial Statements. Lenders/ Financial creditors have submitted their respective claims to the IRP amounting to Rs 5,75,095.90 Lakhs (including Interest) out of which claims amounting to Rs 3,61,281.37 Lakhs (including Interest) have been provisionally admitted by IRP. As a result, finance costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2022 are understated to that extent. This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments". | The Company has been categorised as Non-Performing Asset by the lender banks and majority of the lender banks stopped debiting interest on their outstanding debts. Accordingly, the Company has not recognised interest expense on the borrowings including Inter Corporate Deposits. Total interest not recognised by the Company is Rs 96,472.80 Lakhs till 31st March, 2022 as per Management estimates. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 Lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 Lakhs (including interest) have been provisionally admitted by IRP and remaining amount is under verification, the necessary provisions with respect to such claims shall be made upon final admission of the claims by IRP with respect to such financial creditors. |
| 2 | Trade Receivables and Other Current Assets We draw attention to Note 50 to the Standalone Financial Statements regarding Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising there from, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us. | Recoverability of Trade Receivables, Other Financial Assets and Other Current Assets depends upon the outcome of Arbitration Orders and confirmation / reconciliation with parties as stated in Note No. 12. Therefore, adjustments / impacts with respect to these are currently not ascertainable. |

SECRETARIAL AUDITORS

In accordance with the provisions of Section 204 of the Act, M/s. A. K. Labh & Co., Company Secretaries, were appointed as the Secretarial Auditors of the Company for the Financial Year ended on 31st March 2022. The Secretarial Audit Report for the Financial Year 2021-22 submitted by the Secretarial Auditors contains audit qualifications to which Management response has been duly furnished. The Secretarial Audit Report is annexed and forms part of the Annual Report.

The certificate from the Practicing Company Secretary pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the Listing Regulations with respect to non-disqualification of Directors of the Company as on 31st March 2022 is also annexed and forms part of the Annual Report.

SECRETARIAL STANDARDS

During the year, the Company has complied with the applicable Secretarial Standards.

COST RECORDS & COST AUDITORS

During the Financial Year, the Company has maintained cost records in accordance with Section 148 of the Companies Act, 2013 read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 as specified by the Central Government in this regard.

M/s A. Bhattacharya & Associates, Cost Accountants (Firm Registration No. 100255), has been appointed the Cost Auditor of the Company to audit the cost records for the Financial Year 2021-22 as required under Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

RELATED PARTY TRANSACTIONS

The contracts, arrangements and transactions entered into by the Company during the Financial Year with related parties were

in the ordinary course of business and were on arm's length basis. During the year, there has been no materially significant related party transaction made by Promoters, Directors, Key Managerial Personnel (KMP) of the Company which may have a potential conflict of interest with the Company at large.

The particulars of contracts or arrangements with related parties, referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2 is enclosed as *Annexure-2* which forms part of this Report.

The Policy on Related Party Transactions approved by the Board can be accessed on the Company website at the link <https://www.mcnallybharat.com/assets/pdf/investor/policy/related-party-transaction-policy.pdf>

The details of Related Party Transactions are set out in Note No 26 to the Standalone Financial Statement.

EXTRACT OF ANNUAL RETURN

In accordance with Section 92(3) of the Companies Act, 2013 read with rules made thereunder, the Annual Return of the Company in Form MGT-7 has been placed on the Company website at the link https://www.mcnallybharat.com/assets/pdf/investor/annual-return/Annual%20Return__2021-22.pdf

LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees, securities and investments made by the Company during the Financial Year 2021-22, along with the purpose for which such loan or guarantee or security is utilized/proposed to be utilized are provided in Note No 12 & 5 of the accompanying Standalone Financial Statements.

DEPOSITS

During the year, the Company did not accept any deposits from the public.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

In accordance with Section 177(9) of the Act and rules framed thereunder read with Regulation 22 of the Listing Regulations, the Company has a Whistle Blower Policy in place for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides for protected disclosures for the Whistle-blower. Disclosures can be made through e-mail or letter to the Whistle Officer or to the Chairperson of the Audit Committee. The Whistle blower Policy can be accessed on the Company website at the link <https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL-Whistleblower%20Policy-Revised%202022.pdf>

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has a policy for prevention of sexual harassment at the workplace, which can be accessed on its website at [https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL%20Policy%20for%20Prevention%20of%20Sexual%20Harassment%20\(UPDATED\).pdf](https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL%20Policy%20for%20Prevention%20of%20Sexual%20Harassment%20(UPDATED).pdf) In accordance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act") and rules made thereunder, the Company has constituted an Internal Complaints Committee (ICC).

During the Financial Year 2021-22, the ICC did not receive any complaint. The Company has filed necessary returns as required to be filed under the POSH Act.

SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

The Company has 2 (two) Indian subsidiaries, namely, McNally Sayaji Engineering Limited and McNally Bharat Equipments Limited. McNally Sayaji Engineering Limited has one subsidiary, namely, MBE Coal & Mineral Technology India Private Limited.

The Company has 2 (two) overseas subsidiaries, namely, (i) MBE Mineral Technologies Pte Limited and (ii) MBE Minerals Zambia Limited.

The Company is the Lead Partner in the following 3 (three) Joint Ventures:

- McNally-AML (JV)
- McNally-Troxex (JV)
- McNally-Troxex-Kilburn (JV)

During the year under review, the Board of Directors of the Company reviewed the applicability of “material subsidiaries” in accordance with Regulation 16 read with Regulation 24 of the Listing Regulations.

CONSOLIDATION OF ACCOUNTS

In accordance with Section 129(3) of the Act, the Company, in respect of the Financial Year ended 31st March 2022 has prepared, in addition to the Standalone Financial Statements of the Company, Consolidated Financial Statements of the Company and all its subsidiaries, which form part of the Annual Report. Further, the report on the performance and financial position of each of the subsidiaries and joint ventures and salient features of these financial statements in the prescribed Form AOC-1 is annexed to the Financial Statements of the Company and hence are not repeated here for the sake of brevity.

Information pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014 regarding financial highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company during the period under report is given herein-below:

Figure in Rs. Lakhs

| Sl. No. | Subsidiary Companies | Business Activities | Turnover | Profit/(Loss) |
|--|---|--|----------|---------------|
| 1. | McNally Sayaji Engineering Limited | Manufacturer of crushing, screening, grinding, material handling and mineral processing equipment. | 18116.00 | 4343.00 |
| 2. | McNally Bharat Equipments Limited | There was no business activity during the period under review. | 2.43 | 1.92 |
| 3. | MBE Mineral Technologies Pte Limited [#] | There was no business activity during the period under review. | - | (3.45) |
| 4. | MBE Minerals Zambia Limited* | There was no business activity during the period under review. | - | - |
| #Loss of SGD \$ 6,329, Exchange Rate as on 31.03.2022 – Rs. 56.024 | | | | |
| *Loss of ZMK 1,000, Exchange Rate as on 31.03.2022 – Rs. 0.23828 | | | | |

Further, in accordance with Section 136 of the Act, the audited Financial Statement, including the Consolidated Financial Statement and related information of the Company and audited financial statements of each of the subsidiaries are available on the website of the Company www.mcnallybharat.com, in a downloadable format.

DIRECTORS & KMP REMUNERATION

All the Directors of the Company are Non-executive Directors, except Mr. Srinivash Singh, who is the Managing Director.

a) the ratio of the remuneration of each Director to the median remuneration of employees during the Financial Year:

| Name of Director | Remuneration Rs in Lakhs | Ratio to median remuneration |
|---------------------------------------|--------------------------|------------------------------|
| Mr. Srinivash Singh-Managing Director | 201.84 | 42.86:1 |

b) the percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the Financial Year:

| Sl No | Name | Total Remuneration 2021-22 Rs in Lakhs | Total Remuneration 2020-21 Rs in Lakhs | Percentage Increase/ (Decrease) |
|-------|-------------------------|---|---|------------------------------------|
| 1 | Managing Director | 201.84 | 182.60 | 10.54% |
| 2 | Chief Financial Officer | 64.17 | 83.57 | -23.22% |
| 3 | *Company Secretary | 6.46 | 10.74 | N/A |
| 4 | **Company Secretary | 12.69 | 0.00 | N/A |

* Mr. Rahul Banerjee was the Company Secretary till 21st October 2021.

**Ms. Indrani Ray was appointed Company Secretary w.e.f. 7th December 2021.

- c) the percentage increase in the median remuneration of the employees in the Financial Year 2021-22 was 0.28%;
- d) the number of permanent employees on the rolls of the Company as at the end of the Financial Year was 409;

It is hereby affirmed that the remuneration of Directors and Key Managerial Personnel are as per the Remuneration Policy of the Company.

INTERNAL FINANCIAL CONTROL SYSTEMS AND RISK MANAGEMENT SYSTEMS

Compliance of Internal Financial Controls and Risk Management Systems are given in the Management Discussion & Analysis report.

BOARD EVALUATION

In accordance with the provisions of the Act and Regulation 17(10) of the Listing Regulations, a Board Evaluation Policy is in place for evaluation of the Chairperson, individual Directors, Committees and the Board. A structured questionnaire developed by the Nomination & Remuneration Committee covering various aspects of the Board's functioning, Board culture, performance of specific duties by Directors and contribution to the Board proceedings was circulated to members of the Board for the Financial Year 2021-22. The Board as a whole, its Committees, the Chairperson and individual Directors were also separately evaluated in the Meeting of the Independent Directors and at the Meeting of the Board of Directors.

The process of review of Non-Independent Directors, the Board as a whole and also its Committees were undertaken in a separate meeting of Independent Directors held on 30th March 2022, without the attendance of Non-Independent Directors and members of the Management. At the Meeting, the performance of the Chairman of the Company was reviewed taking into account the views of the Executive Director, Non-Executive Directors and Independent Directors. The Meeting also assessed the quality, quantity and timeliness of flow of information required for the Board to perform its duties properly. The Independent Directors also discussed the effect and handling of COVID-19, Board processes, feedback given through Board evaluation, future growth and strategy of the Company and development of future management of the Company.

The entire Board, excluding the Director being evaluated, evaluated the performance of each Independent Director. The Directors have expressed their satisfaction with the evaluation process conducted.

Based on the findings from the evaluation process, the Board will continue to review its procedures, processes and effectiveness of Board's functioning, individual Director's effectiveness and contribution to the Board's functioning as well with a view to practice the highest standards of Corporate Governance.

As the Company has come under Corporate Insolvency Resolution Process (CIRP) effective 29th April 2022, the powers of the Board of Directors have since been suspended and the affairs of the Company being conducted by the Interim Resolution Professional.

OCCUPATIONAL HEALTH & SAFETY

McNally Bharat Engineering Company Limited is an Occupational Health, Safety & Environment Management System (ISO 45001: 2018, ISO14001: 2015) Certified Company with a brief scope of Project Management, Design, Manufacturing, Supply, Construction, Erection & Commissioning of Industrial and Infrastructure Development Projects on Turnkey Basis and Construction of Industrial and Infrastructure Development Projects.

The Company is committed to Occupational Health, Safety & Environment (OHS&E) within the organization and capable of meeting the national and international OHS&E requirements. In line with the said OHS&E requirements, the organization has consolidated 'OHS&E Management System' manuals with risk assessment, legal requirement review, periodic audit, training, inspection, incident reporting and investigation to ensure OHS&E compliance at projects and O&M sites.

There is a robust system in place for updating the 'Daily OH&S Message' via email to all users of the Company and build awareness on OH&S requirements at all its workplaces, a common sharing in-house intranet webpage (MBE Bridge) which

contains OHS&E policy, manual and procedures, checklists, rewards /certificates and training models for employees to access. The Company focuses on employees 'Health & Safety' awareness training through online mode apart from regular physical safety drills. During the Financial Year 2021-22, online training was imparted on Job Safety Analysis (JSA), Risk Assessment, Behavior Based Safety and Industrial Best Safety Practices apart from regular training module by in-house or external faculties.

The Company always strives to achieve Zero Fatality or Environmental Harm and in reality, set target to reduce Total Reportable Incident Rate (TRIR) which was 0.76 (in 2012) had reduced 0.28 (in 2021). This low incident rate in EPC company shows a sustainable improvement in Occupational Health, Safety & Environment Management System compared to other EPC firms in India.

The Company had taken many initiatives to prevent the spread of COVID-19 at office and jobsites, so as to control corona virus infections among employees and service partners. Initiatives like, following state/central guidelines/protocols related to COVID-19 viz. restrictions in duty hours, social distancing, thermal checking, wearing of 3-layer mask & hand sanitization, weekly basis office sanitization, vaccination to all employees at office and rapid testing to all site-based employees. Apart from these initiatives a separate procedure to prevent corona virus infection was rolled out viz. 'Resumption of work after lockdown due to COVID-19' and strictly followed at all establishments of the Company which was appreciated by many customers.

Several customers have issued 'Merit Certificate' or 'Certificate of Appreciation' in recognition of the Company's excellent safety performance at their project sites (like, BPCL, NTPC, PDCL, TPL, HMEL, Vedanta etc.). The Company has maintained LTI (Loss Time Injury) free records at prestigious project sites, namely, Zawar Mines, S. K Mines & R. A. Mines (Hindustan Zinc Ltd), DMRC- Kochi, DGMAP, CPCL-Chennai, Adani Power, OCPL, APGENCO etc. The Company won a '5 Star' rating on 'Safety Management System Audit at HMEL – Bhatinda (CHS-O&M) site for best safety performance. The Company received National Safety Awards in NTPC Bongaigaon, ACC Jamul, TPL-Kalinganagar job sites etc. and International Safety Awards at project sites viz. RoSPA awards in IISCO Burnpur, RSP-Rourkela, BOP Satpura jobsites etc., which shows a sustainable occupational health & safety culture within the organization.

SIGNIFICANT & MATERIAL ORDERS

During the Financial Year 2021-22, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

MATERIAL CHANGES & COMMITMENTS

The Hon'ble National Company Law Tribunal, Kolkata Bench vide Order dated 29th April 2022 approved initiation of Corporate Insolvency Resolution Process (CIRP) of the Company pursuant to an application under section 7 of the Insolvency and Bankruptcy Code, 2016 filed by Bank of India.

Pursuant to the Order, effective 29th April 2022 the powers of the Board and its Committees stand suspended and the same vest with Mr. Anuj Jain, Interim Resolution Professional (having IP registration number IBBI/IPA-001/IP-P00142/2017-18/10306) appointed by the Tribunal for carrying out the Corporate Insolvency Resolution Process of the Company.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with sub-rule(2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed and form part of this Report.

CAUTIONARY STATEMENT

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis. These statements are relevant on the date of this report. We have no obligation to update or revise these statements, whether as a result of new information, future developments or otherwise. Therefore, undue reliance should not be placed on these statements.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all employees for their commitment, dedication and co-operation. The Board would also like to thank all the customers, investors including Banks and other business associates who have extended valuable support and encouragement.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain

Interim Resolution Professional

IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306

30th May 2022
Kolkata

Srinivash Singh
Managing Director
DIN: 00789624

Asim Kumar Barman
Chairman, Audit Committee
DIN: 02373956

Details of Remuneration of Managerial Personnel pursuant to Rule 5(2) of Companies' Appointment and Managerial Personnel Rules, 2014 forming part of the Directors' Report for the financial year ended 31st March 2022

(I) Statement showing names of top ten employees in terms of remuneration drawn:

| Sl. No. | Name | Designation | Remuneration Received (Rs. in Lakh) | Nature of Employment | Qualification | Total Experience (in years) | DoJ | Age (in years) | Last Employment held | % of Equity Shares held in the Company | Whether Relative of any Director/ Manager |
|---------|------------------------------|--------------------------|-------------------------------------|----------------------|--------------------------|-----------------------------|-----------|----------------|----------------------------------|--|---|
| 1 | Mr. Srinivash Singh | Managing Director | 201.84 | Permanent | Cost Accountant, CS, LLB | 57 | 23-Dec-16 | 76 | Furnace Fabrica (India) Ltd. | - | No |
| 2 | Mr. Brij Mohan Soni | Chief Financial Officer | 64.17 | Permanent | CA | 31 | 07-Sep-20 | 54 | Rashmi Metaliks Ltd. | - | No |
| 3 | Mr. Sukalyan Sarkar | Associate Vice President | 52.71 | Permanent | B.E. - Mechanical | 26 | 08-Mar-22 | 48 | Steel Plantech India Pvt. Ltd. | - | No |
| 4 | Mr. Arindam Sarkar | President | 42.27 | Contractual | B.E-Civil | 47 | 03-Apr-17 | 68 | Furnace Fabrica (India) Ltd. | - | No |
| 5 | Mr. Rabindranath Roy | Senior Vice President | 40.30 | Permanent | B.E-Civil | 32 | 03-Apr-17 | 55 | Furnace Fabrica (India) Ltd. | - | No |
| 6 | Mr. Asis Kumar Bhattacharjee | President | 39.45 | Contractual | B.E. - Electrical | 44 | 03-Apr-17 | 66 | Furnace Fabrica (India) Ltd. | - | No |
| 7 | Mr. Ranjan Das | Vice President | 38.64 | Permanent | B.E-Civil | 32 | 10-Dec-92 | 54 | Martin Burn Ltd. | - | No |
| 8 | Mr. Bhanu Pratap Srivastava | President | 38.21 | Contractual | B. Sc. (Engg) | 39 | 03-Apr-17 | 62 | Furnace Fabrica (India) Ltd. | - | No |
| 9 | Mr. Sandeep Sen | Vice President | 37.40 | Permanent | B.E-Civil | 30 | 03-Apr-17 | 53 | Furnace Fabrica (India) Ltd. | - | No |
| 10 | Mr. V Ramesh | Senior General Manager | 36.59 | Permanent | B.E-Civil | 28 | 15-Dec-04 | 53 | Development Consultant Pvt. Ltd. | - | No |

(II) Statement showing names of employees who are in receipt of remuneration Rs. 1.02 Crore or more, if employed throughout the year or Rs. 8.5 Lakh or more per month, if employed for part of the financial year.

| Sl. No. | Name | Designation | Remuneration Received (Rs. in Lakh) | Nature of Employment | Qualification | Total Experience (in year) | DoJ | Age (year) | Last Employment held | % of Equity Shares held in the Company | Whether Relative of any Director/ Manager |
|---------|---------------------|-------------------|-------------------------------------|----------------------|--------------------------|----------------------------|-----------|------------|------------------------------|--|---|
| 1. | Mr. Srinivash Singh | Managing Director | 201.84 | Permanent | Cost Accountant, CS, LLB | 57 | 23-Dec-16 | 76 | Furnace Fabrica (India) Ltd. | - | No |

(III) There had been no employee in the Company who, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with this spouse and dependent children, not less than two percent of the equity shares of the Company.

For **McNally Bharat Engineering Company Limited**

Anuj Jain
Interim Resolution Professional
IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306

Asim Kumar Barman
Chairman, Audit Committee
DIN: 02373956

Srinivash Singh
Managing Director
DIN: 00789624

30th May 2022
Kolkata

ANNUAL REPORT ON CSR ACTIVITIES**1. A brief outline of the Company's CSR Policy, including overview of projects or programs to be undertaken and a reference to the web-link to the CSR Policy and projects and programs**

The Company views to make things better for the communities it operates in by enabling people to develop and improve their capabilities, taking measures to improve efficient use of available resources and taking initiatives for a greener environment. With this view, your Company has developed a policy for developing, implementing and monitoring its Corporate Social Responsibility ("CSR") initiatives.

Your Company has also adopted the measures specified in the provisions of Section 135 of the Companies Act, 2013, and therefore, has developed its CSR policy in line with its provisions. Accordingly, your Company also supports the activities specified in Schedule VII of the Companies Act, 2013. A separate CSR Committee has been formed, consisting of the Directors of your Company, under the said provisions.

The CSR committee earmarks the amounts to be spent for CSR activities based on the performance of your Company and the CSR activities to be undertaken. The Committee monitors the utilization of the budget and the implementation of CSR activities. The Committee also has the powers to cause unit heads to provide its feedback on such implementation and engage independent persons to monitor CSR activities.

Your Company actively undertakes activities wherein it utilizes its expertise and the involvement of its employees to take various initiatives to make contributions to the society.

The Company was not required to spend any amount on CSR activities during the Financial Year 2021-22 as it had incurred losses during the 3 (three) immediately preceding financial years.

2. Composition of CSR Committee

| Sl. No. | Name of Director | Designation/Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-----------------------|---|--|--|
| 1 | Mr. Asim Kumar Barman | Chairperson, Non-executive Independent Director | 01 | 01 |
| 2 | Mr. Srinivash Singh | Managing Director/ Executive Director | 01 | 01 |
| 3 | Ms.Arundhuti Dhar | Independent Director | 01 | 01 |

3. Provide the web-link where the composition of the CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

The composition of the CSR Committee, the updated CSR Policy and CSR Projects approved by the Board are disclosed on the Company website at the link <https://www.mcnallybharat.com/assets/pdf/investor/policy/MBECL-CSR%20Policy-%20Revised%202022.pdf>

4. Provide the details of Impact assessment of CSR project carried out in pursuance of sub-rule(3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)

Not applicable as CSR spent is Nil

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (Rs) | Amount required to be set-off for the financial year, if any (Rs) |
|----------------|----------------|--|---|
| Not Applicable | | | |

6. Average Net profit of the Company as per Section 135(5)

Rs (29,897.13)

7. (a) Two-percent of average net profit of the company as per section 135(5): N/A (due to negative Average Net Profit in last 3 years)

(b) Surplus arising out of CSR projects or programmes or activities of the previous financial years - Nil

(c) Amount required to be set off for the financial year, if any – Nil

(d) Total CSR obligation for the financial year (7a + 7b- 7c)- Nil

8. (a) CSR amount spent or unspent for the financial year: Nil

| Total amount spent for the financial year (in Rs) | Amount Unspent (in Rs) | | | | |
|---|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| | N/A | | | | |

(b) Details of CSR amount spent against ongoing projects for the financial year – N/A

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|---------------------|---|----------------------|-------------------------|----------|------------------|--|--|---|---|--|----------------------|
| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act | Level area (Yes/ No) | Location of the project | | Project duration | Amount allocated for the project (in Rs) | Amount spent in current financial year (in Rs) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs) | Mode of implementation - Direct (Yes/ No) | Mode of implementation through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration No. |
| | TOTAL | N/A | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year: N/A

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|--------|---------------------|---|----------------------|-------------------------|----------|--------------------------------------|--|--|----------------------|
| Sl. No | Name of the Project | Item from the list of activities in Schedule VII to the Act | Local area (Yes/ No) | Location of the project | | Amount spent for the project (In Rs) | Mode of implementation – Direct (Yes/No) | Mode of implementation – Through implementing agency | |
| | | | | State | District | | | Name | CSR Registration No. |
| | TOTAL | N/A | | | | | | | |

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable – Nil

(f) Total amount spent for the Financial Year (8b + 8c + 8d +8e)- Nil

(g) Excess amount for set off, if any: Nil

| Sl. No. | Particulars | Amount (in Rs) |
|---------|--|----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | |

| | | |
|-------|---|--|
| (ii) | Total amount spent for the financial year | |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | |
| (iv) | Surplus arising out of CSR projector programs or activities of the previous financial years, if any | |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | |

9. (a) Details of unspent CSR amount for the preceding three financial years – Nil

| Sl No | Preceding Financial Year | Amount transferred in Unspent CSR Account under section 135(6) (in Rs) | Amount spent in the reporting Financial Year(in Rs) | Amount transferred to any fund specified under schedule VII as per Section 135(6), if any | | | Amount remaining to be spent in succeeding financial years (in Rs) |
|-------|--------------------------|--|---|---|----------------|------------------|--|
| | | | | Name of the Fund | Amount (in Rs) | Date of transfer | |
| | TOTAL | N/A | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing project of the preceding financial year(s)- Nil

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-------|--------------|---------------------|---|------------------|--|---|--|---|
| Sl No | Project ID | Name of the Project | Financial Year in which the Project was commenced | Project duration | Total amount allocated for the project (in Rs) | Amount spent on the project in the reporting Financial Year (in Rs) | Cumulative amount spent at the end of the reporting financial year (in Rs) | Status of the Project- Completed/ Ongoing |
| | TOTAL | N/A | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset wise details): N/A

- Date of creation or acquisition of the capital asset(s)
- Amount of CSR spent for creation or acquisition of capital asset
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) so created or acquired (including complete address and location of the capital asset)

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N/A

For McNally Bharat Engineering Company Limited
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain

Interim Resolution Professional

IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306

30th May 2022
Kolkata

Srinivash Singh
Managing Director
DIN: 00789624

Asim Kumar Barman
Chairman, Audit Committee
DIN: 02373956

Annexure-2

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1 Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transaction entered in to during the year ended 31st March, 2022 which were not arm's length basis.

2 Details of material contracts or arrangement or transactions at arm's length basis

| Sl No. | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts | Salient terms of the contracts or arrangements or transactions including the value: | Date of approval by the Board: | Amount paid as deposit / advances: Rs. In Lakhs |
|--------|---|---|---------------------------|---|--------------------------------|---|
| 1 | McNally-AML (JV) Dipka | South Eastern Coalfields Limited has awarded a contract to McNally-AML (JV) at Dipka, Chattisgarh, monetary value of Rs. 179 Crore plus applicable GST. MBE is 98% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBECL) at Rs. 175.42 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBECL. | 24 Months | The Company is a lead partner, having 98% participation share in the Joint Venture. | 14-Aug-21 | 1,686 |
| 2 | McNally-AML (JV) Ananta | Mahanandi Coalfields Limited has awarded a contract to McNally-AML (JV) at Ananta, at Jagannath Area of Talcher Coalfields, monetary value of Rs.236 Crore plus applicable GST. MBE is 97% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBECL) at Rs. 231.28 Crore which is 2% below the contract awarded by Mahanandi Coalfields Limited. The Contract has to be executed on back to back basis by MBECL. | 15 Months | The Company is a lead partner, having 97% participation share in the Joint Venture. | 14-Aug-21 | 1,063 |
| 3 | McNally-Troxex (JV) Chhal | South Eastern Coalfields Limited has awarded a contract to McNally-Troxex (JV) at Chhal, Chhattisgarh, monetary value of Rs. 147 Crore plus applicable GST. MBE is 96% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBECL) at Rs. 144.06 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBECL. | 24 Months | The Company is a lead partner, having 96% participation share in the Joint Venture. | 14-Aug-21 | 626 |
| 4 | McNally-Troxex (JV) Baroud | South Eastern Coalfields Limited has awarded a contract to McNally-Troxex (JV) at Baroud, Raigarh Area, monetary value of Rs. 183.5 Crore plus applicable GST. MBECL is 97% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBECL) at Rs. 179.83 Crore which is 2% below the contract awarded by South Eastern Coalfields Limited. The Contract has to be executed on back to back basis by MBECL. | 24 Months | The Company is a lead partner, having 97% participation share in the Joint Venture. | 14-Aug-21 | - |
| 5 | McNally-Troxex Kilburn (JV) Sardega | Mahanandi Coalfields Limited has awarded a contract to McNally-Troxex-Kilburn (JV) at Sardega, Mahalaxmi Area, monetary value of Rs. 264.14 Crore plus applicable GST. MBECL is 80% shareholder in the said JV. JV shall place the order to McNally Bharat Engineering Co. Ltd (MBECL) at Rs. 258.86 Crore which is 2% below the contract awarded by Mahanandi Coalfields Limited. The Contract has to be executed on back to back basis by MBECL. | 15 Months | The Company is a lead partner, having 80% participation share in the Joint Venture. | 14-Aug-21 | 774 |

For McNally Bharat Engineering Company Limited
(A Company under Corporate Insolvency Resolution Process)Anuj Jain
Interim Resolution Professional
IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306Srinivash Singh
Managing Director
DIN: 00789624Asim Kumar Barman
Chairman, Audit Committee
DIN: 0237395630th May 2022
Kolkata

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS:

India faced two deadly waves of Covid-19 in FY 21-22 and it's economy was in the nascent stages of recovery when Russia decided to invade Ukraine. Business around the globe has never encountered such unprecedented levels of macro risks and uncertainties in the last decade. An agile India Government drive for the 2nd dose of vaccination and a silent work for the 3rd dose has brought the country into a working mode. As on 14th May-2022 63.4% of Indian Population was fully vaccinated. (Data, 2022)



However, fear of another wave still lurks as incidents of rising cases come from North Korea and China.

The Russia Ukraine war has ramifications for business and our country. The research report, Ecwrap, from State Bank of India's (SBI) stated that 59% of the rise in inflation was due to the war. Rural areas are disproportionately affected in food prices while urban in fuel prices due to the inflation. The present inflation is hovering around 7.79% and this is worrisome. Correction is not expected in short term stated the report.

Geopolitics has changed after the war. India banned export of wheat and with the US sanctions on Russia, Europe is forced to take sides. While Europe is putting pressure on India, silently they are still importing gas from Russia. Italy has given permission to its gas suppliers to buy gas in Rubels from Russia, while it is trying to decouple by importing from Africa. At present they buy 38% of the gas from Russia. Other European nations are also on crossroads. India is witnessing the impact with the stock market index falling.

3 future scenarios are possible, a difficult short-term when the war subsides in 2 months, a more adverse if it goes for 6-9 months and the worst if it goes for 12-18 months. 3 Impacts are likely, direct by trade with Russia and Ukraine, Indirect by global commodity and energy shift and third by macroeconomic policies.

Businesses with factories and offices in Russia and Ukraine are worst hit, including pharma companies which is leading to increase in medicine prices. Payment issue is another. Increase in steel prices has hit the infrastructure very strongly.

In this grave uncertainty, there is great potential for companies like McNally Bharat Engineering Company Ltd (MBECL). Manufacturing and construction will take front seat in coming days and MBECL has presence in multiple sectors.

COMPETITIVE ADVANTAGE, OPPORTUNITIES AND THREATS:

1. Technology – In most of the sectors MBECL has its own technology in terms of basic and detail design, thereby self-sufficient. In absence of such dependence on services of outside consultants and technology providers it can bring in optimization of cost and fast execution, saving time. This is crucial to secure tenders at competitive prices.
2. MBECL has its own equipment and process designs. It has more than 55 years of experience in manufacturing various mining, port handling, cement mill machinery and processing equipment and they have manufactured many stacker reclaimers, bucket wheel excavators, spreaders etc. in their factories.
3. Company's long presence in executing projects more than 500 nos most of which are in record time brings in customers confidence.
4. Ability to deploy resources all over India to execute large scale projects upto INR 1500 cr. single project value in sectors like power, steel, cement etc. with multidisciplinary engineers , supervising personnel and highly skilled or semi-skilled workmen.
5. Large vendor base for construction material and equipment supply for last few decades working as partners.
- 6 In house NABL accredited QA laboratory and a QA/QC department with highly qualified and experience engineers.

The Company lost its subsidiary McNally Sayaji Engineering Ltd. which has entered NCLT proceedings. This has made it loose its control in manufacturing in-house. However, the intellectual property remains with the Company.

The Company itself entered IBC on 29th April 2022.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

This Company is engaged in turnkey projects in infrastructure and related manufacturing activities and therefore the question of segment-wise performance does not arise.

OUTLOOK & BUSINESS STRATEGY:

Keeping in view the overall business scenario, both domestic and overseas, Company has relooked at business strategy and trying to align its resources as follows:

- Initiate steps to finish the Coal India projects won in Joint Venture (JV) companies and the old legacy projects with an order backlog of Rs. 1400+ Crs. This will bring in positive inflows to the Company and maintain its references valid to bid in new projects.
- Finishing old projects will keep customer confidence for having MBECL as a trusted partner and EPC contractor. This will also protect the lenders (stakeholder) interest by protecting the bank guarantees from being invoked by customers.
- Retain employees by giving them assurance of future prospects with new investors coming in. Attrition in the Company is high and to control it, is top priority.
- MBECL has been pursuing JV partners in Europe and Middle East primarily, for aggressively executing projects in smart cities, social sector buildings, renewable power, water management and infrastructure building.
- Its core competence in mines and mineralogy, solar power, material handling and providing engineering and project management services in Middle East, Europe and Africa particularly in the ferrous and non-ferrous metals and gypsum, fluorspar, rock phosphate, Graphite, etc. For domestic projects, The Company has made up its strategy to secure shorter duration project, faster turnover of its resources to maximize benefit of its available resources. Any investor who takes the Company through NCLT bidding process gets a debt free company with strong technology backbone and scale multi-fold.
- Create confidence in the mind of lenders by speedy completion of the project and safeguarding guarantees and investments of the lenders.

- With the strategy of expanding business by JV partners from overseas and entering in the global market on the inherent strength and expertise of MBECL, the new management will reap the benefits of this advantage.

STRATEGY & RESILIENCE IN VIEW OF COVID-19 DISRUPTIONS AND FORTHCOMING WAVES

The Company's operations is majorly concentrated in Odisha and Chattisgarh, but projects in other states pan India is still operating. A focussed approach can bring cost advantages and tax savings.

RISKS & CONCERNS AND RISK MANAGEMENT

Due to the IBC proceedings, suppliers and vendors are worried. Some are panicky. The procurement and service teams have been advised to pacify such vendors and suppliers and give them confidence about proper communication that IBC proceedings provide that a company stays a going concern. Only as the last stage does it enter liquidation. The communication is sensitive and has to be done properly.

There is a strong support from the IRP to communicate with clients. He has already spoken to Coal India and OCPL the two major clients and open to approach other clients like NTPC, GMDC etc.

The risk management system architecture by KPMG in 2010 covers from initiation of tender, bid decision and transfer of the risks envisaged to the project execution team. For the other operational and fraud risk control the Internal Audit team has already commenced the process last year and its integration with the ERM is underway.

As an improvement of the risk management system, supply chain risk has been developed in further detail. This coupled with the Oracle Cloud Infrastructure (OCI) Analytics Solutions to capture macro risks like commodity price variations, WPI Indices which impact our projects can be a great asset and intellectual property for the Company. This digital transformation to the cloud opens opportunities to create value with data enabled solutions and also increasing operational efficiencies by monitoring the Key Performance Indices (KPIs) of your Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has a detailed well spelt internal control system in place to ensure that all financial, commercial and legal transactions are fully authorized, recorded and correctly reported. The Audit Committee of the Board of Directors, chaired by an experienced Independent Director, reviews the adequacy of the Internal Control System. The Company's Internal Audit Department is in charge for periodically carrying out detailed audit of the transactions of the Company at various project sites, manufacturing locations and offices in order to ensure that recording and reporting are adequate and as per the policy of the Company. The Internal Auditors periodically physically verify the Company's assets and ensure that there is no unauthorized usage. The assets are kept in proper conditions and are covered under adequate insurance.

Business strategy of the organization has guided the formation of the Enterprise Risk Management (ERM) for the Company. The process started one year back and is under implementation. Considering the flexibility and execution requirements for a projects driven company the system is being continuously revaluated to establish a robust system.

The risks are broadly categorized into Strategic, Operational, Financial (Compliance & Reporting) & Hazardous Risks. The Components of Enterprise Risk Management include:

a)Entity level controls

b)Process Risks & Controls

- ✓ Internal controls over financial reporting
- ✓ Operational controls
- ✓ Fraud risk controls

c)IT General Controls

Entity level & IT General controls are being followed as per standard practice of EPC business.

For the rest of the components, the Implementation of ERM is divided into phases as below:

Phase I: Implementation of Internal controls over financial reporting

Phase II: Implementation of operational & fraud risk controls

The Companies Act, 2013 mandated Indian Companies to implement internal controls over financial reporting effective from 01st April 2018. The management has documented all key finance and business processes impacting financial reporting, tested the key controls for adequacy and operating effectiveness during the financial year 2021-22.

Since majority of the business is in Projects, a project risk management framework has been implemented in the ERP and being monitored periodically for all new projects on the ERP. The risk framework captures Strategic, Operational, Financial and Hazardous risks. This is supported by an issue management interface.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE EMPLOYED:

Your Company firmly believes that its greatest strength lies in its Human Resources. The organization has been increasingly emphasizing on development of knowledge and skills of its employees to align with the changing business scenario.

The organization offers a congenial work environment cutting across hierarchy and diverse work groups to foster a healthy work culture.

In terms of employee care, the organization provides benefits and allowances which are in keeping with market trends. Your Company also provides comprehensive insurance coverage for employees to take care of medical exigencies and unforeseen situations. Your Company is continuing with its organizational transformation initiatives with a key focus on restructuring to become a more agile and robust organization. Employee relations remained cordial throughout 2021-22. As on 31st March, 2022 number of permanent employees of the Company was 409.

The industrial relations during the year have been cordial.

FINANCIAL PERFORMANCE:

The details of financial performance with respect to operational performance have been provided in the Report of the Board of Directors.

DETAILS OF SIGNIFICANT CHANGES (i.e. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS:

| Key Financial Ratios | 2021-22 | 2020-21 | Change (%) | Reasons |
|--|---------|---------|------------|--|
| Debt Equity Ratio (Number of times) | # | 34.80 | (550.29) | Due to change in Equity on account of accumulated loss. |
| Interest Coverage Ratio (Number of times) | (0.66) | (0.18) | 266.67 | Due to non-recognition of interest expenses during financial year 2021-22. |
| Current Ratio (Number of times) | 0.76 | 0.79 | (3.80) | Not applicable. |
| Debtors Turnover (Number of times) | 3.86 | 3.18 | - | Due to lower revenue on account of industrial slowdown accompanied by Banking restrictions on liquidity management |
| Inventory Turnover (Number of times) | 0.01 | 0.01 | - | |
| Operating Profit Margin (%) | (0.12) | (0.02) | - | |
| Net Profit Margin (%) | (0.31) | (0.15) | 106.67 | |
| Return on Net Worth (%) | # | (0.68) | - | |

Not calculated as Net worth of the Company is eroded.

DISCLOSURE OF ACCOUNTING TREATMENT:

The Board's Report and the financial statements contain necessary disclosure of accounting treatment, if any, different from that prescribed in Accounting Standards and management's explanation regarding adoption of such treatment.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Industry information contained in this Report, have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain

Interim Resolution Professional

IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306

30th May 2022
Kolkata

Srinivash Singh
Managing Director
DIN: 00023788

Asim Kumar Barman
Chairman, Audit Committee
DIN: 02373956

Report on Corporate Governance

1. The Company's philosophy on Code of Governance

The Company's philosophy on governance is documented in the "Vision Statement", which is the fundamental code of conduct for the Company and in its "Mission Statement".

The texts of the "Vision Statement" and the "Mission Statement" appear on page no. 4 of this Annual Report.

2. Board of Directors:

a) Board Composition

As on 31st March 2022 the Company had six directors on its Board. Mr. Srinivash Singh is the Managing Director of the Company. of the five Non-executive Directors, four are Independent.

b) Meetings and Attendance

The Board met seven times during the Financial Year ie.30th June 2021, 14th August 2021, 13th November 2021, 7th December 2021, 13th January 2022, 12th February 2022 and 30th March 2022. All Board Meetings, except the last, were held through video-conference.

Details of attendance of Directors at Board Meetings held during the Financial Year and at the Company's Fifty-eighth Annual General Meeting together with the number of other directorships and committee memberships held by them are as follows:

| Name | Designation | Category | Attendance | | * No. of other directorships held in Indian public limited companies | @No. of Board Committees (other than McNally Bharat Engineering Company Limited) |
|---|-------------------|----------------------------------|---------------|----------|--|--|
| | | | Board Meeting | Last AGM | | |
| Mr. Aditya Khaitan DIN – 00023788 | Chairman | Non-executive Non-Independent | 7 | Yes | 5 | 1 |
| Mr. Srinivash Singh DIN – 00789624 | Managing Director | Executive | 7 | Yes | 1 | 2 |
| Mr. Asim Kumar Barman DIN – 02373956 | Director | Non-executive Independent | 7 | Yes | 0 | 0 |
| Mr. Nilotpal Roy DIN – 00087298 | Director | Non-executive Independent | 7 | Yes | 1 | 2** |
| Ms. Arundhuti Dhar DIN – 03197285 | Director | Non-executive Independent | 7 | Yes | 4 | 6*** |
| Ms. Kasturi Roy Choudhury DIN – 06594917 | Director | Non-executive Independent | 7 | No | 2 | 0 |

* Excludes directorship, if any, in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013

** Chairperson of one Audit Committee and one Stakeholders Relationship Committee

*** Chairperson of two Audit Committees and one Stakeholders Relationship Committee

@ Only chairmanship and membership of the Audit Committee and Stakeholders Relationship Committee has been considered as per Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

c) Names of the listed entities where the above persons are Directors and the category of directorship

| Name of Director | Name of the listed company | Category of Directorship |
|---------------------------|--|-------------------------------|
| Mr. Aditya Khaitan | Kilburn Engineering Limited | Non-executive Non-Independent |
| | McNally Sayaji Engineering Company Limited | Non-executive Non-Independent |
| | McLeod Russel India Limited | Managing Director |
| | Williamson Financial Services Limited | Non-executive Non-Independent |
| Mr. Srinivash Singh | McNally Sayaji Engineering Company Limited | Non-executive Non-Independent |
| Mr. Asim Kumar Barman | None | Not applicable |
| Mr. Nilotpal Roy | McNally Sayaji Engineering Company Limited | Non-executive Independent |
| Ms. Arundhuti Dhar | Kilburn Engineering Limited | Non-executive Independent |
| | Eveready Industries Limited | Non-executive Independent |
| | McLeod Russel India Limited | Non-executive Independent |
| | Williamson Financial Services Limited | Non-executive Independent |
| Ms. Kasturi Roy Choudhury | McNally Sayaji Engineering Company Limited | Non-executive Independent |
| | Window Glass Limited | Non-executive Independent |

d) Disclosure of relationship between Directors *inter-se*

None of the Directors are related to any other Director.

e) Shareholding of Non-executive Directors

None of the Non-executive Directors hold any shares in the Company.

f) Web-link where details of familiarization programmes for Independent Directors is disclosed

The familiarization program for Independent Directors is given on the Company website at the link <https://www.mcnallybharat.com/assets/pdf/investor/policy/familiarisation-programme-for-IDs.pdf>

g) Skills/ Expertise/ Competence of the Board of Directors

The matrix setting out the skills/ expertise/ competence of the Board of Directors are given below:

(i) Qualification

- Degree holder in relevant disciplines (e.g. management, accountancy, legal, sales, marketing, administration, finance, and Corporate Governance and Engineering industry related disciplines); or
- Recognised specialist.

(ii) Experience

- Experience of management in a diverse organization;
- Experience in accounting and finance, administration, corporate, legal and strategic planning;
- Ability to work effectively with other members of the Board.

(iii) Skills

- Excellent interpersonal, communication and representational skills;
- Leadership skills;
- Extensive team building and management skills;
- Strong influencing and negotiating skills;
- Continuous professional development to refresh knowledge and skills;

(iv) Abilities and Attributes

- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to observe the fundamental code of conduct and the Company's Mission and Vision Statement.

(v) Core skills of the Board

The following is a list of core skills/expertise/competencies mapped with every director of the Company identified by the Board of Directors of the Company as required in the context of the Company's business(es) and sector(s) for the Company to function effectively and those available with the Board:

| Core skill/ expertise / competencies | Aditya Khaitan | Srinivash Singh | Asim Kumar Barman | Nilotpal Roy | Arundhuti Dhary | Kasturi Roy Choudhury |
|---|----------------|-----------------|-------------------|--------------|-----------------|-----------------------|
| Adequate knowledge of the Company's business and the Industry in which the Company operates | √ | √ | √ | √ | √ | √ |
| Strategy Acumen | √ | √ | √ | √ | √ | √ |
| Financial Skills | √ | √ | √ | √ | √ | √ |
| Communication Skills | √ | √ | √ | √ | √ | √ |
| Leadership & Management Skills | √ | √ | √ | √ | √ | √ |

(h) Brief profile of Directors who have these expertise and skills

| Sl. No. | Name of the Director | Area of Expertise/ Skill and Brief profile |
|---------|-----------------------|--|
| 1 | Mr. Aditya Khaitan | Commerce Graduate, Industrialist, Entrepreneur – Expertise in Accounts & Finance, General Management and Strategy. Hails from a renowned family of industrialists having interest in diverse business activities. Has in-depth exposure, experience and expertise in management, production, marketing, corporate finance, restructuring, mergers and acquisitions of corporate entities in diverse industries. |
| 2 | Mr. Srinivash Singh | Cost Accountant, Company Secretary, LLB – Expertise in Finance & Accounting, Legal, Administration, General Management, Leadership & Strategy. Has vast experience with more than five decades in steering business operations of Engineering, Procurement and Construction (EPC) companies. Previously served as Managing Director of the Company. |
| 3 | Mr. Asim Kumar Barman | Science Graduate, I.A.S. (Retired) – Expertise in Administration, Power & Environment, Urban Governance, Finance & Accounting and General Management. Retired as Chairman of Damodar Valley Corporation (DVC), held posts of Principal Secretary, Department of Environment and Department of Public Health Engineering (Water Supply & Sanitation), Government of West Bengal, Principal Secretary, Department of Health & Family Welfare. |
| 4 | Mr. Nilotpal Roy | M. Tech.(Chemical Engineering) – Expertise in Engineering, Management & Leadership, Business Development and General Administration. An Engineering professional with vast experience of more than four decades in various Central Public Sector Enterprises (CPSEs) and renowned private sector companies. He held the position of Managing Director, SAIL-IISCO Steel Plant. |

| Sl. No. | Name of the Director | Area of Expertise/ Skill and Brief profile |
|---------|---------------------------|---|
| 5 | Ms. Arundhuti Dhar | <p>B.A (Political Science) – Expertise in Business Consultancy, Banking, Finance & Accounts, Strategy and Leadership, General Administration.</p> <p>Experience in diversified sectors viz. HR Consultancy, Retail & Investment Banking, Infrastructure, Real Estate Management & Research.</p> <p>A Business Consultant with more than two decades' experience in banks and financial institutions namely, American Express Bank, HDFC Bank, IL & FS Property Management. She developed new business verticals and winning teams in each assignment. She promoted Siegwald Leadership Training Academy which specialises in training aspirants for the armed Forces. She also partners with Lancer Technologies, the largest registered assessing body in India under the Directorate General of Training, Ministry of Labour.</p> |
| 6 | Ms. Kasturi Roy Choudhury | <p>B.E.(Electrical), PGDM (IIM-A), DBF (ICFAI) – Expertise in Electrical Engineering, Accounts & Finance, Strategic Planning, Management & Leadership.</p> <p>She has more than two decades of experience in Electrical Engineering, Strategic Planning and General Management.</p> |

(i) Independent Directors

It is confirmed that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and are independent of the Management.

(j) Confirmation of Compliance with the Codes

All Directors and members of Senior Management have, as on 31st March 2022, affirmed their compliance with:

- The Company's Code of Conduct, the fundamental code of conduct for the Directors and employees;
- The Company's Code of Conduct for Prevention of Insider Trading in its shares;
- Disclosures relating to all material and financial transactions;
- Annual Disclosure(s) as required under the Code of Conduct of Prevention of Insider Trading.

3) Audit Committee

As on 31st March 2022, the Audit Committee consisted of three Board members, viz. Mr. Asim Kumar Barman, Mr. Srinivash Singh and Ms. Arundhuti Dhar. Mr. Asim Kumar Barman is the Chairperson of the Audit Committee.

Out of the three members of the Committee, two are Independent Directors and one is an Executive Director. The quorum for an audit committee meeting is either two members or one third of the members of the committee, whichever is greater, with at least two independent directors.

Mr. Asim Kumar Barman, IAS (Retired), Chairperson of the Audit Committee, possesses expertise in specific functional areas such as accounts & finance, administration & management, power, environment and urban governance. Mr. Srinivash Singh is a member of the Institute of Cost Accountants of India, the Institute of Company Secretaries of India and also holds an LLB degree. Ms. Arundhuti Dhar is a graduate in Political Science and has vast experience and expertise in Business Consultancy in banking, treasury and real estate management. Accordingly, the Chairperson and all the members of the Committee are "financially literate" within the meaning of explanation under Regulation 18(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Committee met five times during the Financial Year 2021-22, ie. on 30th June 2021, 14th August 2021, 13th November 2021, 12th February 2022 and 30th March 2022. All meetings of the Committee, except the last, were held through video-conference. The attendance of members at the Committee Meetings held during the Financial Year 2021-22 is given below:

| Name | Number of meetings attended |
|-----------------------|-----------------------------|
| Mr. Asim Kumar Barman | 5 |
| Mr. Srinivash Singh | 5 |
| Ms. Arundhuti Dhar | 5 |

The Statutory Auditors, Internal Auditor and the Chief Financial Officer attend the Audit Committee Meetings. At the invitation of the Company, representatives from various divisions of the Company also attend the Audit Committee Meetings to respond to queries raised at the meetings.

The Company Secretary acts as the Secretary to the Committee.

Role of Audit Committee

The role of the Audit Committee is in accordance with those specified in Regulation 18 read with Part C of Schedule II to the Listing Regulations and Section 177 of the Companies Act, 2013.

4) Stakeholders' Relationship Committee

Composition, Meetings and Attendance

As on 31st March 2022, the Stakeholders Relationship Committee ("SRC") comprised of three Board members viz. Mr. Asim Kumar Barman, Mr. Srinivash Singh and Ms. Arundhuti Dhar. Mr. Asim Kumar Barman, Non-executive Independent Director is the Chairperson of the Committee. Ms. Indrani Ray, Company Secretary, who is also the Compliance Officer of the Company, acts as Secretary to the Committee. The quorum for a meeting of SRC is two Directors.

The Committee met only once during the Financial Year 2021-22 ie. on 30th March 2022. All the Committee Members attended the meeting.

Role of Stakeholders' Relationship Committee

The terms of reference of the Committee are in accordance with Regulation 20 and Part D of Schedule II to the Listing Regulations and Section 178 of the Companies Act, 2013. The Committee monitors the Company's response to investor complaints. It has also been authorised to approve the issue of duplicate share certificate in lieu of those lost or destroyed.

Pursuant to Regulation 40(2) of the Listing Regulations, the power to approve transfers, transmissions, etc. of shares in the physical form has been delegated to the Share Transfer Agent ("STA") to the extent permissible under the Listing Regulations.

As on 31st March 2022 there were no request pending for dematerialization and no physical transfer remained pending. During the Financial Year 2021-22, no complaint was received from any shareholder and therefore no complaint was pending as on 31st March 2022.

5) Corporate Social Responsibility Committee

Composition, Meetings and Attendance

The Corporate Social Responsibility Committee ("CSR Committee") comprises of three Directors, viz. Mr. Asim Kumar Barman, Mr. Srinivash Singh and Ms. Arundhuti Dhar. Mr. Asim Kumar Barman is the Chairperson of the Committee.

The quorum for the CSR Committee Meeting is two members. The Company Secretary acts as the Secretary to the Committee.

The Committee met only once during the Financial Year 2021-22 ie. on 30th March 2022. The attendance of members at the Committee Meeting is given below:

| Name | Number of meetings attended |
|-----------------------|-----------------------------|
| Mr. Asim Kumar Barman | 1 |
| Mr. Srinivash Singh | 1 |
| Ms. Arundhuti Dhar | 1 |

Role of CSR Committee

The role of the CSR Committee is to formulate the CSR Policy and to take CSR initiatives in accordance with Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policies) Rules, 2014.

6) Nomination and Remuneration Committee**Composition, Meetings and Attendance**

The Nomination and Remuneration Committee ("NRC") comprises of three Directors, viz. Mr. Asim Kumar Barman, Mr. Aditya Khaitan and Ms. Arundhuti Dhar. All members of the Committee are Non-executive Directors. Mr. Asim Kumar Barman is the Chairperson of the Committee.

The quorum for a meeting of the NRC is either two members or one third of the members of the committee, whichever is greater, including one independent director in attendance. The Company Secretary acts as the Secretary to the Committee.

The Committee met twice during the Financial Year 2021-22 i.e. 14th August 2021 and 7th December 2021. Both the meetings were held through video-conference. The attendance of members at the Committee Meetings held during the year 2021-22 is given below:

| Name | Number of meetings attended |
|-----------------------|-----------------------------|
| Mr. Asim Kumar Barman | 2 |
| Mr. Aditya Khaitan | 2 |
| Ms. Arundhuti Dhar | 2 |

Role of Nomination and Remuneration Committee

The role of the NRC is in accordance with Regulation 19 and Part D of Schedule II to the Listing Regulations and sub-sections (2), (3) and (4) of Section 178 of the Companies Act, 2013.

The Company has adopted a policy on remuneration for Directors, Key Managerial personnel and other employees and has laid down performance evaluation criteria for Independent Directors. The criteria of making payments to non-executive directors may be accessed on the Company's website at the following link: <http://www.mcnallybharat.com/assets/pdf/investor/policy/criteria-non-executive-directors.pdf>.

Performance evaluation criteria for Independent Directors is as per the approved Board Evaluation Policy of the Company.

7) Remuneration of Directors

Apart from sitting fee, no remuneration is paid to the Non-executive Directors. Directors who attend Board or Committee meetings are paid a sitting fee of Rs 20,000 per meeting. Independent Directors are paid sitting fee for attending Independent Directors' Meeting required to be statutorily held at least once during the financial year.

During the Financial Year 2021-22, the total amount paid to the Directors for attending meetings of the Board, Committees and that of the Independent Directors amounted to Rs. 11,80,000/-. No stock option was given to any Director.

8) General Body Meetings**(i) Location and time of last three Annual General Meetings (AGMs) and Special Resolutions passed at these Meetings**

| Financial Year ended | Location | Date | Time |
|-----------------------------|--|---|-------|
| 31st March 2019 | Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata – 700160 | Thursday, 26 th September 2019 | 11 AM |
| 31 st March 2020 | *Held through video conference/other audio-visual means (OAVM) | Tuesday, 22 nd December 2020 | 11 AM |
| 31 st March 2021 | *Held through video conference / other audio-visual means (OAVM) | Thursday, 30 th September 2021 | 11 AM |

**In compliance with the MCA circulars dated 8th April 2020, 13th April 2020, 5th May 2020, 15th June 2020, 28th September 2020 and 31st December 2020, the AGM was held through video conference/other audio-visual means (OAVM).*

(ii) Details of Special Resolutions passed in previous three AGMs

The following special resolutions were adopted in the Annual General Meeting of the Company during the past three financial years and e-voting facilities were made available to the shareholders:

| Particulars of Special Resolution | Resolution adopted on | No. of shares and % of Votes in favour | No. of shares and % of Votes against |
|---|-----------------------|---|---|
| Approval for re-appointment of Mr. Srinivash Singh (DIN: 00789624) as the Managing Director (Key Managerial Personnel) of the Company for a period of three consecutive years from 14th December 2019 to 13th December 2022. | 22nd December, 2020 | 96826371 99.999583% of the valid votes cast. | 404 0.000417% of the valid votes cast. |
| Approval of re-appointment of Mr. Asim Kumar Barman (DIN: 02373956) as an Independent Director of the Company for a second term of three consecutive years commencing from the day of expiry of his earlier term, upto the date of the 60th Annual General Meeting or attainment of his 75 years of age whichever is earlier. | 22nd December, 2020 | 96826521 99.999738% of the valid votes cast. | 254 0.000262% of the valid votes cast. |
| Approval for the re-appointment of Ms. Arundhuti Dhar (DIN: 03197285) as an Independent Director of the Company for a second term of five consecutive years | 30th September, 2021 | 105058676 99.9990% of the valid votes cast. | 1086 0.0010% of the valid votes cast. |

Mr. A. K. Labh (FCS 4848, CP No. 3238), a Practicing Company Secretary was appointed as Scrutinizer to scrutinize the e-voting process for the AGMs held on 26th September 2019, 22nd December 2020 and 30th September 2021.

No Special Resolution was adopted at any Extra-ordinary General Meeting of the Company during the past three financial years.

(iii) Resolutions passed through postal ballot/remote e-voting

During the Financial Year 2021-22, the following Ordinary Resolution was passed through postal ballot including remote e-voting, with requisite majority on 18th February 2022. The details of voting pattern are as under:

| Particulars of Special Resolution | Resolution adopted on | No. of shares and % of Votes in favour | No. of shares and % of Votes against |
|---|-----------------------|--|--|
| Reclassification of two "Promoter Group" companies into "Public" category under Regulation 31A of SEBI Listing Regulations. | 18th February, 2022 | 71034961 99.9774% of the valid votes cast | 16025 0.0226% of the valid votes cast |

(iv) Person who conducted the postal ballot/e-voting exercise

Mr. A. K. Labh (FCS 4848, CP No. 3238), Practicing Company Secretary, appointed as the Scrutinizer, had conducted the postal ballot/ remote e-voting exercise.

(v) Procedure for postal ballot/remote e-voting

The postal ballot was conducted pursuant to and in compliance with the provisions of Section 110 of the Companies Act, 2013, Rules 20 and 22 of the Companies (Management and Administration) Rules 2014 read with the General Circular Nos.14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 22/2020 dated 15th June 2020, 33/2020 dated 28th September 2020, 39/2020 dated 31st December 2020, 10/2021 dated 23rd June 2021 and 20/2021 dated 8th December 2021 and other relevant Circulars/Notifications issued by the Ministry of Corporate Affairs ("MCA"), Government of India, providing relaxations in the process of holding of general meetings and voting through postal ballot/e-voting, in view of the current extraordinary circumstances due to COVID-19 pandemic.

The voting period commenced at 10.00 AM on 20th January 2022 and ended at 5.00 PM on 18th February 2022 and the results of postal ballot including e-voting was announced by the Company on 19th February 2022 within 5.00 PM.

9) General Disclosures**(i) Related Party Transactions**

- (a) A summary of transactions with related parties, in the ordinary course of business and at arm's length is placed before the Audit Committee;
- (b) There were no material individual transactions with related parties which were not in the ordinary course of business and at arm's length during the Financial Year ended 31st March 2022;
- (c) There were no material significant transactions during the financial year with related parties such as Promoters, Directors, Key Managerial Personnel and their Relatives that could have a potential financial conflict of interest with that of the Company;
- (d) The mandatory disclosure of transactions with related parties, in compliance of the Indian Accounting Standard (IndAS-24), forms part of this Annual Report;
- (e) Related Party Transactions Policy of the Company can be accessed on the Company's website www.mcnallybharat.com

(ii) Capital market non-compliances, if any

There were no instances of non-compliance by the Company on any matter relating to the capital markets during the past three years.

(iii) Vigil Mechanism/ Whistleblower Policy

The Company has a Whistleblower Policy which can be accessed on the Company's website www.mcnallybharat.com. It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee in terms of the policy. During the financial year, no complaints were received by the Whistle Committee/Audit Committee.

(iv) Other Policies

In accordance with the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has formulated the following policies which can be accessed on the Company's website www.mcnallybharat.com

- (a) Policy on Determination and disclosure of material events;
- (b) Policy on Preservation and Archival of documents;

(v) Insider Trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended by Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The Code of Conduct for Prevention of Insider Trading, Code of fair disclosure of Unpublished Price Sensitive Information and Policy and procedure for inquiry in case of leak of Unpublished Price Sensitive Information can be accessed on the Company's website www.mcnallybharat.com.

(vi) Independent Directors' Meeting

Independent Directors met on 30th March 2022 to discuss the procedure for reviewing the performance of Non-Independent Directors and the Board as a whole, performance of the Chairperson and quality, quantity and timeliness of information exchange between the Company Management and the Board.

(vii) Board Evaluation

The Company has put in place a Board Evaluation process. A note on this is provided in the Directors' Report.

(viii) Prevention of Sexual Harassment at Workplace

In accordance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the complaints received and resolved during the year is as under:

| | |
|--|----|
| Number of Complaints filed during the year | 00 |
| Number of Complaints disposed of during the year | 00 |
| Number of Complaints pending as at the end of the Financial Year | 00 |

(ix) Internal Controls

The Company has put in place adequate Internal Control Systems and Procedures including adequate financial controls with reference to the financial statement.

(x) Certificate from Company Secretary in Practice regarding Directors debarred under the Act, etc.

A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India Board or the Ministry of Corporate Affairs or any such statutory authority is attached to and forms part of this Report.

(xi) Fee to Statutory Auditors

M/s. V. Singhi & Associates, acted as the Statutory Auditors of the Company for the Financial Year 2021-22. The details of the fees paid/payable to the Statutory Auditors by the Company for the Financial Year are detailed in the Standalone Financial Statements of the Company.

M/s. V. Singhi & Associates also acted as the Statutory Auditor of the Company's subsidiary, McNally Sayaji Engineering Limited, for the Financial Year 2021-22 at a remuneration of Rs27 lakhs.

M/s. V. Singhi & Associates also acted as the Statutory Auditor of the McNally Sayaji Engineering Limited's subsidiary, MBE Coal & Mineral Technology India Private Limited for the financial year 2021-22 at a remuneration of Rs 8.5 lakhs.

The Company and/or its Subsidiaries have not availed any services from entities in the network firm/network entity of which the Statutory Auditor is a part, if any.

(xii) Committee Recommendations

During the Financial Year 2021-22, there has been no instance where the Board had not accepted any recommendation of/submission by any of its Committees, which is mandatorily required to be accepted.

(xiii) Non-mandatory requirements under Part E of Schedule II to Listing Regulations

- (a) The Company is complying with the non-mandatory requirement of a separate post of Chairperson and Managing Director; and
- (b) The Internal Auditor reports directly to the Audit Committee.

10) Means of Communication

The Annual Report for each financial year is mailed to all Shareholders in the month of July of each calendar year. Each report contains the annual financial statement of the Company for the Financial Year along with the Directors' Report and Auditor's Report and its annexures. Also included in each Annual Report is the notice convening the Annual General Meeting and the Corporate Governance Report.

The financial results or the extract of the financial results, as the case may be, of the Company were officially released or will be released in accordance with the following schedule:

| Sl. No | Nature of Communication | Media used for Publication | Dates of Publication | Forwarded/to be forwarded to StockExchanges on |
|--------|--|----------------------------|-------------------------|--|
| 1 | Quarterly unaudited financial statement (first quarter 2021-22) | Newspapers | 16.08.2021 | 14.08.2021 |
| 2 | Half-yearly unaudited financial statement (second quarter 2021-22) | Newspapers | 14.11.2021 | 13.11.2021 |
| 3 | Quarterly unaudited financial statement (third quarter 2021-22) | Newspapers | 14.02.2022 | 12.02.2022 |
| 4 | Annual audited financial statement (2021-22) | Newspapers | On or before 02.06.2022 | 30.05.2022 |

The financial results are published in Mint (English), Financial Express (English) and SuKhobor (Bengali).

All corporate information filed by the Company with the stock exchanges are uploaded on www.connect2nse.com/LISTING/ (NSE) and www.listing.bseindia.com (BSE) and can be viewed on the website of stock exchanges i.e www.nseindia.com and www.bseindia.com. The information is also available on the Company website www.mcnallybharat.com

The Management Discussion & Analysis for the Financial Year 2021-22 forms part of the Directors' Report.

11) General Shareholder Information

- a. The Fifty-ninth Annual General Meeting (AGM) will be held at 4:30 PM on Wednesday, 7th September 2022 at Four Mangoe Lane, Kolkata-700001. In view of the massive outbreak of COVID-19 pandemic, social distancing is a norm to be followed and pursuant to Circular No. 14/2020 dated 8th April 2020 and Circular No. 17/2020 dated 13th April 2020 issued by the Ministry of Corporate Affairs ("MCA") followed by Circular No. 20/2020 dated 5th May 2020, Circular No. 02/2021 dated 13th January 2021 and Circular No. 02/2022 dated 5th May 2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and the general meeting to be held through video conferencing (VC) or other audio visual means (OAVM). In compliance with the said Circulars the Annual General Meeting is being held through Video Conference without the physical presence of the members.

b. The tentative financial calendar is as follows:

| | |
|--|------------------------------------|
| Audited Financial Statement for 2021-22 | Monday, 30th May 2022 |
| Mailing of Annual Report for 2021-22 | On /before Thursday, 7th July 2022 |
| Unaudited First Quarter Financial Result 2022-23 | Wednesday, 3rd August 2022 |
| Fifty-ninth Annual General Meeting | Wednesday, 3rd August 2022 |
| Payment of Dividend for 2021-22 | Not applicable |
| Unaudited Second Quarter Financial Results 2022-23 | Thursday, 3rd November 2022 |

c. Register of Shareholders

The Register of Shareholders will remain closed from Thursday, 28th July 2022 to Wednesday, 3rd August 2022, both days inclusive.

d. Payment of Dividend

In view of the prevailing business conditions, no dividend payment has been recommended for the Financial Year 2021-22.

e. Listing of Shares on Stock Exchanges

As on 31st March 2022, the shares of the Company were listed on Stock Exchanges with their respective stock codes as follows:

| Name of the Stock Exchange | Stock Code |
|--|------------|
| BSE Limited | 532629 |
| The National Stock Exchange of India Limited | MBECL |
| Reuters Code | MCNL.BO |
| Bloomberg Code | MCNA:IN |

The International Securities Identification Number ("ISIN") of the Company's shares in the dematerialized mode is INE748A01016. There are no arrears of listing fees and custodial fees.

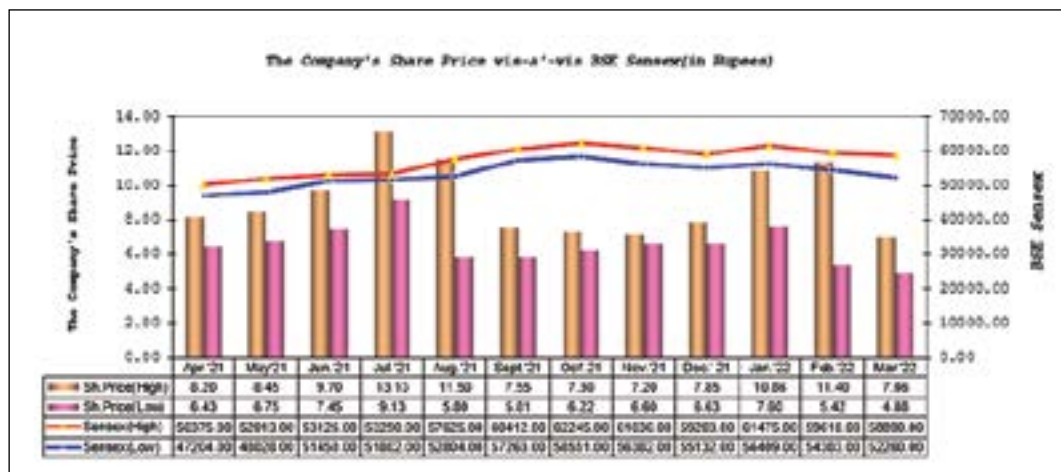
f. Market Price data

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at BSE Limited and National Stock Exchange of India Limited during the Financial Year 2021-22 are as under:

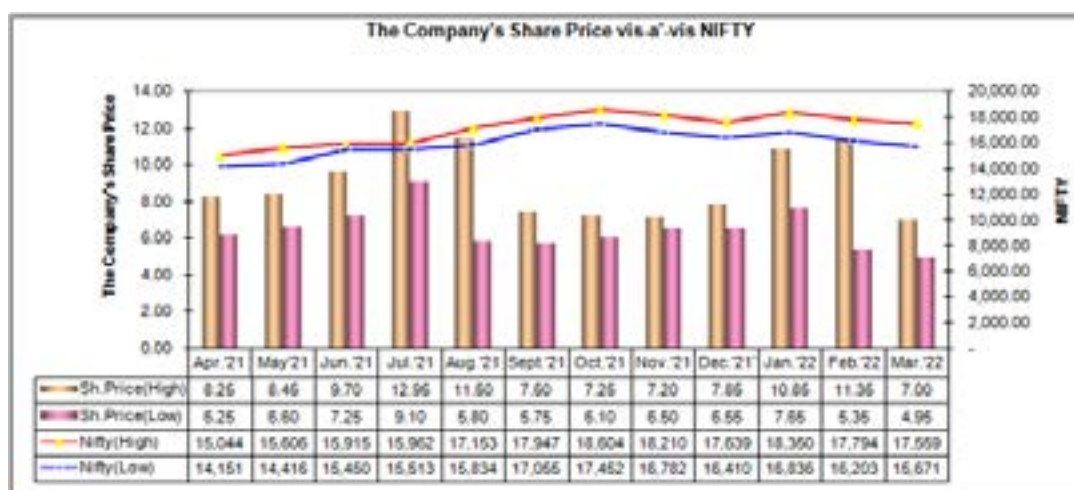
| Month | BSE Ltd. | | National Stock Exchange of India Limited | |
|-----------------|------------|-----------|--|-----------|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April, 2021 | 8.20 | 6.43 | 8.25 | 6.25 |
| May, 2021 | 8.45 | 6.75 | 8.45 | 6.60 |
| June, 2021 | 9.70 | 7.45 | 9.70 | 7.25 |
| July, 2021 | 13.13 | 9.13 | 12.95 | 9.10 |
| August, 2021 | 11.50 | 5.80 | 11.50 | 5.80 |
| September, 2021 | 7.55 | 5.81 | 7.50 | 5.75 |
| October, 2021 | 7.30 | 6.22 | 7.25 | 6.10 |
| November, 2021 | 7.20 | 6.60 | 7.20 | 6.50 |
| December, 2021 | 7.85 | 6.63 | 7.85 | 6.55 |
| January, 2022 | 10.86 | 7.60 | 10.85 | 7.65 |
| February, 2022 | 11.40 | 5.42 | 11.35 | 5.35 |
| March, 2022 | 7.06 | 4.88 | 7.00 | 4.95 |

g. Market Price of Company's share versus Sensex and Nifty (in Rupees)

A. The Company's Share Price vs. Sensex



B. The Company's Share Price vs. Nifty



h. Means of Communication

In accordance with Section 20, 101 and 136 of the Companies Act, 2013 and rules made there under, the Annual Report, Notice of the Annual General Meeting, postal ballot notice, circulars, etc. are being sent by electronic means to those shareholders whose e-mail addresses are made available to the Company by the shareholders and the depository. Documents e-mailed to shareholders are available on the Company website www.mcnallybharat.com to enable shareholders read and download a copy, if required.

12) Share Transfer Agent

The Company has engaged the services of Maheshwari Datamatics Private Limited, 23 R.N Mukherjee Road, Kolkata – 700001, a SEBI registered Share Transfer Agent with Registration No.INR000000353, for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trading in Company's shares can now be done only in the dematerialized form, request for dematerialization and re-materialization should be sent directly to the Registrar and Share Transfer Agent at the following address:

Maheshwari Datamatics Private Limited

23, R.N. Mukherjee Road, Kolkata – 700 001

Telephone: 91-11- 2248 2248 • Facsimile: 91-11- 2243 5029 • E-mail: mdpldc@yahoo.com

Shareholders have the option to open their Accounts with a Depository Participant having connectivity with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

13) Share Transfer

As already stated, the Company's shares are traded in the Stock Exchanges compulsorily in Demat mode. Therefore, Investors/Shareholders are requested to kindly note that physical documents, viz. Demat Request Form (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DPs) directly to the Share Transfer Agents. Any delay on the part of the DPs to send the DRF and the Share Certificates beyond 7 days from the date of generation of the DRF by the DP will be rejected/ cancelled. This is being done to ensure that no Demat requests remain pending with the Share Transfer Agents beyond a period of 15 days. Investors/Shareholders should, therefore, ensure that their DPs do not delay in sending the DRF and Share Certificates to Share Transfer Agents after generating the DRF.

14) Dematerialization

As on 31st March 2022, 17,20,90,158 Equity Shares representing 81.34% of the total shares, were held in dematerialized form and the balance 3,94,80,599 shares representing 18.66% of the total issued shares were in physical (share certificate) form. A total of 23518 (99.71%) Shareholders have up to 31st March 2022, dematerialized their shareholdings, while the balance 307 (1.28%) Shareholders continue to hold shares in the physical form.

15) Distribution of Shareholding as on 31st March 2022

| Share Holding | No. of Holders | % age | No. of Shares | % age |
|--------------------|----------------|-----------------|------------------|-----------------|
| Upto 500 | 15635 | 65.6271 | 2413037 | 1.1405 |
| 501 to 1000 | 3050 | 12.8022 | 2678268 | 1.2659 |
| 1001 to 2000 | 1971 | 8.2732 | 3183152 | 1.5045 |
| 2001 to 3000 | 826 | 3.4671 | 2178070 | 1.0295 |
| 3001 to 4000 | 397 | 1.6664 | 1445053 | 0.6830 |
| 4001 to 5000 | 510 | 2.1407 | 2460606 | 1.1630 |
| 5001 to 10000 | 683 | 2.8669 | 5245044 | 2.4791 |
| Above 10000 | 752 | 3.1565 | 191967527 | 90.7344 |
| Grand Total | 23825 | 100.0000 | 211570757 | 100.0000 |

16) Pattern of Shareholding as on 31st March 2022

| Sl. No. | Category | No. of Holders | No. of Shares |
|---------|---------------------------------|----------------|------------------|
| 1 | Promoter & Promoter Group | | |
| | - Individual/HUF (Indian) | 3 | 32021 |
| | - Bodies Corporate (Indian) | 8 | 69342025 |
| | - Individual/HUF (Foreign) | - | - |
| | - Bodies Corporate (Foreign) | - | - |
| 2 | Mutual Funds | - | - |
| 3 | Financial Institutions/Banks | - | - |
| 4 | Insurance Companies | 1 | 92719 |
| 5 | Foreign Institutional Investors | - | - |
| 6 | Domestic Companies | 207 | 85844308 |
| 7 | Foreign Companies | - | - |
| 8 | Resident Individual/HUF | 23355 | 53641418 |
| 9 | Non-Resident Individual | 205 | 1259370 |
| 10 | Foreign National | - | - |
| 11 | NBFCs registered with RBI | 1 | 750 |
| 12 | Clearing Member | 44 | 1232629 |
| 13 | IEPF Authority | 1 | 125517 |
| | Total | 23825 | 211570757 |

17) Convertible Instruments (outstanding)

There was no convertible instrument outstanding as at the end of the Financial Year on 31st March 2022.

18) Reclassification of two Promoters Group companies into Public category

The Company has obtained the approval of shareholders by means of postal ballot through e-voting on 18th February 2022 for Re-classification of two “Promoter Group” companies into “Public” category under Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and filed an application thereafter with both the Stock Exchanges for their approval which is in process with them.

19) Commodity or Foreign Exchange Risk and Hedging

During the year, the Company had managed its foreign exchange risk and had not entered into any hedge contract against its exposures related to exports & imports and receivable balances & payable balances in connection thereto. Management monitors the commodities/raw materials whose prices are volatile and suitable steps are taken to minimize the risk.

20) Address for Correspondence

The Company’s Registered Office is located at:

4 Mangoe Lane, Kolkata – 700 001

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrar and Transfer Agent of the Company:

McNally Bharat Engineering Company Limited

Share Department

4 Mangoe Lane, Kolkata – 700 001

Compliance Officer: Ms. Indrani Ray, Company Secretary

Telephone No: +91-33-4459 1111, Fax No: +91-33- 4459 1009

E-mail: mbecorp@mbecl.co.in

E-mail for Investors Grievances: invcom@mbecl.co.in

Registrar and Share Transfer Agent:

Maheshwari Datamatics Private Limited

Unit: McNally Bharat Engineering Co. Ltd.

23, R.N. Mukherjee Road, 5th Floor

Kolkata – 700001

Contact person: Mr. S. Rajagopalan, Vice President

Telephone Nos.: 2243-5029/ 5809

Fax No: 2248-4787

E-mail: mdpldc@yahoo.com

21) Information pursuant to Regulation 36(3) of the Listing Regulations

Information pursuant to Regulation 36(3) of Listing Regulations pertaining to particulars of Directors to be appointed or re-appointed at the forthcoming Fifty-ninth Annual General Meeting is enclosed as an annexure to the Notice convening the Annual General Meeting.

22) Compliance Certificate of the Auditors

The certificate obtained from M/s. V. Singhi & Associates, Chartered Accountant Statutory Audit of the Company, regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations is annexed and forms part of this report.

23) Admission under National Company Law Tribunal (NCLT)

The National Company Law Tribunal, Kolkata Bench (NCLT) vide its Order dated 29th April 2022, (“Admission Order”) ordered the commencement of Corporate Insolvency Resolution Process (CIRP) in respect of McNally Bharat Engineering Company Limited under the provisions of the Insolvency and Bankruptcy Code, 2016 and subsequent amendments thereof (the “Code”).

The Hon'ble NCLT, Kolkata Bench by the said Order has appointed Mr. Anuj Jain (having IP registration number IBBI/IPA-001/IP-P00142/2017-18/10306) as the Interim Resolution Professional (IRP) for carrying out the Corporate Insolvency Resolution Process (CIRP) of the Company.

In terms of Section 17 of the Code, on commencement of CIRP, the powers of the Board of Directors of the Company stands suspended and the same are vested with the IRP. The management of the affairs of the Company devolves upon the IRP.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain
IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306
Interim Resolution Professional

30th May 2022
Kolkata

Srinivash Singh
DIN: 00789624
Managing Director

Declaration by the Managing Director under Regulation 34(3) read with Part D of Schedule V of the Listing Regulations regarding adherence to the Code of Conduct

In accordance with Regulation 34(3) read with Part D of Schedule V of the Listing Regulations, I hereby confirm that all Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Mission and Vision, the Code of Conduct, as applicable to them for the Financial Year ended 31st March 2022.

For **McNally Bharat Engineering Company Limited**
(A Company under Corporate Insolvency Resolution Process)

Anuj Jain
IP Registration No. IBBI/IPA-001/ IP-P00142/2017-18/10306
Interim Resolution Professional

30th May 2022
Kolkata

Srinivash Singh
DIN: 00789624
Managing Director

Independent Auditors' Certificate on Corporate Governance

To the Members of

McNally Bharat Engineering Company Limited

1. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on 31st March, 2022 as stipulated in regulations 17 to 27 and clauses (b) to (i) sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and as amended ('SEBI LODR').

Management's Responsibilities

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Regulations

Auditors' Responsibilities

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. The procedure selected depends on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review of Historical Financial Information, and Other Assurance and Related Service Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the written representations provided to us by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) sub-regulation (2) of regulation 46 and para C, D and E of Schedule V to the SEBI LODR for the year ended 31st March, 2022.

Other matters and Restrictions on use

9. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
10. The certificate is addressed and provided to the members of the Company solely for the purpose of complying with the requirement of the SEBI LODR, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For V. Singhi & Associates

Chartered Accountants

Firm Registration No.: 311017E

(V. K. SINGHI)

Partner

Date: 30th May, 2022

Place: Kolkata

Membership No. 050051

UDIN: 22050051AJXMLY7581

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

McNally Bharat Engineering Company Limited

Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor

Kolkata – 700 001

West Bengal

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of McNally Bharat Engineering Company Limited having CIN: L45202WB1961PLC025181 and having registered office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| Sr. No. | Name of Director | DIN | Date of appointment in Company |
|---------|----------------------|----------|--------------------------------|
| 1. | Aditya Khaitan | 00023788 | 27.06.2011 |
| 2. | Srinivash Singh | 00789624 | 14.12.2016 |
| 3. | Asim Kumar Barman | 02373956 | 01.12.2009 |
| 4. | Arundhuti Dhar | 03197285 | 23.08.2016 |
| 5. | Nilotpal Roy | 00087298 | 14.02.2020 |
| 6. | Kasturi Roychoudhury | 06594917 | 14.02.2020 |

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate has been issued relying on the documents and information as mentioned herein above and as were made available to us or as came to our knowledge for verification without taking any cognizance of any legal dispute(s) or sub-judice matters which may have effect otherwise, if ordered so, by any concerned authority(ies). This certificate is also neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Note:

- The Company has been admitted to Corporate Insolvency Resolution Process ('CIRP') vide an Order pronounced by the Hon'ble National Company Law Tribunal (NCLT), Kolkata on 29th April 2022 in Company Application No. C.P.(IB)No.891/KB/2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC); Pursuant to the said Order, the Hon'ble NCLT has appointed Mr. Anuj Jain (Registration No. IBBI/IPA-001/IP-P00142/2017-2018/10306) as the Interim Resolution Professional (IRP) as proposed by the Financial Creditor. Consequently, the Board of Directors of the Company stands suspended as on date.
- Ms. Kasturi Roychoudhury (DIN: 06594917), Independent Director of the Company is yet to appear for the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs in terms of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Place: Kolkata

Dated: 30.05.2022

Asit Kumar Labh
Practicing Company Secretary

ACS – 32891 / CP No.- 14664

UDIN: 032891D000424843

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31.03.2022

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To
The Members,
McNally Bharat Engineering Company Limited
Four Mangoe Lane
Surendra Mohan Ghosh Sarani, 7th Floor
Kolkata – 700 001
West Bengal

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by McNally Bharat Engineering Company Limited having its Registered Office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to me during the said audit and also based on the information furnished to me by the officers' and the agents of the Company during the said audit.

I have followed the audit practices and processes as were appropriate to the best of my understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of respective committees of the Board, of the Board, of the members of the Company and of other authorities as per the provisions of various statutes as mentioned hereinafter.

Wherever required I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis.

My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2022 according to the provisions of (as amended) :

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has specifically complied with the provisions of the following Acts:

1. The Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Central Rules, 1972;
2. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of service) Act, 1979; and
3. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

to the extent of its applicability to the Company during the financial year ended 31.03.2022 and my examination and reporting is based on the documents, records and files as produced and shown to and the information and explanations as provided to me by the Company and its management and to the best of my judgment and understanding of the applicability of the different enactments upon the Company. Further, to the best of my knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, competition law, environmental laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above, except:

Matter of Emphasis:

1. ***The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2022 as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***
2. ***The Company had defaulted in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares. Quarterly disclosure for the aforesaid default pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 was not submitted for the Quarter ended 30th June, 2021.***
3. ***The Company had not submitted Newspaper Publications of Quarterly Financial Results with the Stock Exchanges pursuant to Regulation 47(3) of SEBI (LODR) Regulations, 2015.***

During the period under review, provisions of the following regulations/guidelines/standards were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

I further report that :

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- (d) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, as on date:

- (a) The Company has been admitted to Corporate Insolvency Resolution Process ('CIRP') vide an Order pronounced by the Hon'ble National Company Law Tribunal (NCLT), Kolkata on 29th April 2022 in Company Application No. C.P.(IB)No.891/KB/2020 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC). Pursuant to the said Order, the Hon'ble NCLT has appointed Mr. Anuj Jain (Registration No. IBBI/PA-001/IP-P00142/2017-2018/10306) as the Interim Resolution Professional (IRP) as proposed by the Financial Creditor. Consequently, the Board of Directors of the Company stands suspended as on date.
- (b) The Company is yet to file e-Form MGT-14 for appointment of Company Secretary with the Office of the Registrar of Companies, West Bengal, Ministry of Corporate Affairs.
- (c) Ms. Kasturi Roychoudhury (DIN: 06594917), Independent Director of the Company is yet to appear for the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs in terms of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- (d) The Company has a listed material subsidiary, McNally Sayaji Engineering Limited, which is also under Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021.

Asit Kumar Labh
Practicing Company Secretary
 ACS – 32891 / CP No.- 14664
 UDIN: A032891D000424801

Place: Kolkata
 Dated: 30.05.2022

Management's Reply to Matter of Emphasis in Secretarial Auditor's Report

Most of the points raised by the Secretarial Auditor in his Audit Report as matter of emphasis are self-explanatory and hence the same calls for no further explanation of the Board of Directors. However, the points which call for further explanation are given below with an explanation of the Board of Directors on the same:

Reply to Matter of Emphasis

| Sl. No. | Management's Reply |
|------------|--|
| 1. | <p><i>The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2022 as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.</i></p> <p>Equity shares allotted to promoters are pending dematerialization since the shares are in the process of listing with the Stock Exchange(s).</p> |
| 2. | <p><i>The Company had defaulted in payment of interest/ repayment of principal amount on loans from banks/financial institutions and also unlisted debt securities, viz. default in redemption of Non-Convertible Redeemable Preference Shares. Quarterly disclosure for the aforesaid default pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 was not submitted for the Quarter ended 30th June, 2021.</i></p> <p>On account of lockdown due to spread of 2nd phase of COVID and resulting non-accessibility to office, the disclosure pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 for the quarter ended June 30, 2021 could not be given for want of various data / financial information. However, when the office re-opened and the situation gradually normalized, the Company submitted the disclosure as required under the said circular for the quarter ended September 30, 2021 onwards.</p> |
| 3. | <p><i>The Company had not submitted Newspaper Publications of Quarterly Financial Results with the Stock Exchanges pursuant to Regulation 47(3) of SEBI (LODR) Regulations, 2015.</i></p> <p>The Company had submitted the Results with the Stock Exchanges and made publication in the newspapers within the timelines as prescribed under the Listing Regulations.</p> |

Secretarial Compliance Report of McNally Bharat Engineering Company Limited for the year ended 31st March, 2022

I, Asit Kumar Labh, Practicing Company Secretary, have examined:

- (a) all the documents and records made available to me and explanation provided by McNally Bharat Engineering Company Limited (CIN : L45202WB1961PLC025181) having its Registered Office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (“the listed entity”);
- (b) the filings/submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity;
- (d) any other document/filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31st March, 2022 (“Review Period”) in respect of compliance with the provisions of:
 - (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, as amended, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and circulars/ guidelines issued thereunder;

and based on above examination, I hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

| Sl. No. | Compliance Requirement (Regulations/ circulars/ guidelines including specific clause) | Deviations | Observations/ Remarks of the Practising Company Secretary |
|---------|--|--|--|
| 1. | <i>Regulation 31(2) of SEBI (LODR) Regulations, 2015 -</i> The listed entity shall ensure that hundred percent of shareholding of promoter(s) and promoter group is in dematerialized form and the same is maintained on a continuous basis in the manner as specified by the Board. | 87.03 % of the shareholding of promoter(s) and promoter group is in dematerialized form as on 31.03.2022. | The Company did not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2022. |
| 2. | <i>SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 – Clause 3(C2):</i> 3(C2): Disclosure shall be made by listed entities, on the last date of any quarter: a. Any loan including revolving facilities like cash credit from banks / financial institutions where the default continues beyond 30 days; or b. There is any outstanding debt security under default | Non-submission of disclosure with respect to defaults in payment of interest/ repayment of principal amount on loans from banks/ financial institutions. | The Company had not submitted quarterly disclosure of default as required in the referred SEBI Circular for the Quarter ended 30 th June, 2021. |
| 3. | <i>Regulation 47(3) of SEBI (LODR) Regulations, 2015 –</i> The listed entity shall publish the information specified in sub-regulation (1) in the newspaper simultaneously with the submission of the same to the stock exchange(s). | Non-submission of Newspaper Publication (Financial Results) with the Stock Exchanges. | The Company has not submitted Newspaper Publications of Quarterly Financial Results with the Stock Exchanges. |

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

| Sl. No. | Action taken by | Details of Violation | Details of Action taken E.g. fines, warning letter, debarment, etc. | Observations/ Remarks of the Practising Company Secretary, if any. |
|---------|-----------------|----------------------|--|--|
| - | - | None | - | - |

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

| Sl. No. | Observation of practising Company Secretary in the previous reports | Observations made in the Secretarial compliance report for the year ended | Actions taken by the listed entity, in any | Comments of the Practising Company Secretary on the actions taken by the listed entity |
|---------|---|---|--|--|
| 1 | The Company does not have its entire Promoters' Shareholding in dematerialized form as on 31.03.2021. | 31 st March, 2021 | Equity shares allotted to promoters are pending dematerialization since listing applications have been filed with the Stock Exchanges and the shares are in the process of listing. | The reply of the Company is self explanatory |
| 2 | Financial Result for the quarter and year ended 31.03.2020 approved at the Board Meeting held on 15.07.2020 was submitted to the Stock Exchange (BSE Limited) after thirty minutes of the conclusion of the Board Meeting. | 31 st March, 2021 | Due to technical problems, the financial result for the quarter and financial year ended 31.03.2020 was submitted after 30 minutes of the conclusion of Board Meeting held on 15.07.2020. | The reply of the Company is self explanatory |
| 3 | The Company had submitted quarterly disclosure of default against any loan including revolving facilities like cash credit from banks / financial institutions in accordance with SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 from the quarter ended 30 th September, 2020 onwards. | 31 st March, 2021 | On account of lockdown due to pandemic caused by Covid-19 and non-accessibility of office, the disclosure pursuant to SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2019/ 140 dated November 21, 2019 for the quarter ended June 30, 2020 could not be given for want of various data / financial information. However, when the office re-opened and the situation was somewhat normalized, the Company has submitted the disclosure as required under the said circular for the quarter ended September 30, 2020 onwards. | The reply of the Company is self explanatory |

Place: Kolkata
Dated: 30.05.2022

Asit Kumar Labh
Practising Company Secretary
ACS – 32891 / CP No.- 14664
UDIN: A032891D000424801

Independent Auditor's Report

To the Members of
McNally Bharat Engineering Company Limited
Report on the Audit of the Standalone Financial Statements

Adverse Opinion

We have audited the accompanying Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31st March, 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its losses (including Other Comprehensive Income), the changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a) Non-recognition of Interest Expense

The Company has not recognised interest expense on Bank borrowing amounting to Rs 95,766.40 Lakhs and Inter-Corporate Borrowings amounting to Rs 706.40 Lakhs till the financial year ended 31st March, 2022 as stated in Note 12(b)(ii) & 46 to the Standalone Financial Statements. Lenders/ Financial creditors have submitted their respective claims to the IRP amounting to Rs 5,75,095.90 lakhs (including Interest) out of which claims amounting to Rs 3,61,281.37 lakhs (including Interest) have been provisionally admitted by IRP. As a result, finance costs, liability on account of interest and total comprehensive loss for the year ended 31st March, 2022 are understated to that extent.

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

b) Trade Receivables and Other Current Assets

We draw attention to Note 50 to the Standalone Financial Statements regarding Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Standalone Financial Statements.

Material uncertainty related to Going Concern

We draw attention to Note 42 to the Standalone Financial Statements where the Company has reported a net loss in current year amounting to Rs. 7,714 Lakhs (previous year Rs 4,985.83 Lakhs) and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. 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.

We draw attention to Note 47 to the Standalone Financial Statements stating that the Hon'ble Calcutta High Court by an order dated 2nd March, 2022, has restrained the company from dealing with the banks, which has severely affected its operations. The company has filed a petition before the Hon'ble Calcutta High Court for withdrawal of the above restraining order since CIRP process has been initiated against the company.

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

Emphasis of Matters

a) Appointment of Interim Resolution Professional

We draw attention to Note 41 to the Standalone Financial Statements informing that the Hon'ble National Company Law

Independent Auditor's Report

Tribunal (NCLT), Kolkata Bench has 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 have been suspended and are instead exercisable by the Interim Resolution Professional, Mr. Anuj Jain.

b) Non-Assessment of Pending Litigations

We draw attention to Note 43 to the Standalone Financial Statements pertaining to the Company's receipts of regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as departments of Goods and Services Tax and Income Tax. In view of Company's admission under CIRP, all existing civil / legal proceedings will be kept in abeyance as moratorium is in force under section 14 of the Insolvency and Bankruptcy Code, 2016 till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

c) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Standalone Financial Statements stating that the Company had recognised deferred tax assets of Rs. 51,706.60 Lakhs upto 31st March, 2018 expecting adequate future taxable profits to the Company against which the deferred tax assets could be realized, which is solely dependent on the acceptance of the resolution plan. However, the Company has not recognised further deferred tax assets for the year as well as for the preceding years on prudent basis.

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

We draw attention to Note 49 to the Standalone Financial Statements 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 has asked for compensation for such invocation at average cost price amounting to Rs 40.79 Cr, and as the said claim is under verification by the Resolution Professional of the Subsidiary Company, the Company has not made any adjustment to the carrying value of its investment in the Subsidiary Company.

e) Other Equity

We draw attention to Note 44 to the Standalone Financial Statements regarding other equity which includes Rs 83,804.25 lakhs (85,148.70 lakhs as on 31st March, 2021) of fair valuation gain on account of deferred repayment of Inter Corporate Deposit amounting to Rs 98,592.94 lakhs considered as part of "Other Reserves" and Rs 14,788.69 lakhs (13,444.26 lakhs as on 31st March, 2021) have been considered as "Long term borrowings" under the head Non-Current Borrowings.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.

| Sr.No. | Key Audit Matters | Auditors' Response to Key Audit Matters |
|--------|--|---|
| 1 | <p>Estimated Cost to complete the Project: (Refer note 1(d) to the Standalone Financial Statements)</p> <p>The Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard 115 "Revenue from Contract with Customers".</p> <p>Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.</p> | <p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the Independent Chartered Engineer's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis. |

Independent Auditor's Report

| Sr.No. | Key Audit Matters | Auditors' Response to Key Audit Matters |
|--------|---|--|
| 2. | <p>Impairment of Investments in Subsidiaries: (Refer note 5 to the Standalone Financial Statements)</p> <p>Investments in Subsidiaries are measured at cost net of impairment provision, if any, as per the requirements of Indian Accounting Standard 36 "Impairment of Assets".</p> <p>Impairment indicators were noted in one of the Subsidiary Companies, McNally Sayaji Engineering Limited resulted in an assessment of impairment of the Investments in the Subsidiary.</p> <p>This area was considered to be of Key Audit Matter for the following reasons:</p> <ul style="list-style-type: none"> •The magnitude of the balance of the Investments in the subsidiary with a carrying value of Rs 17,933.67 Lakhs ; and •The carrying value is supported by future forecasted operating cash flows of the subsidiary, which are judgmental in nature and are dependent on number of factors, including volume and margin expectations. | <p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding management review type controls on assessment of impairment of Investments in subsidiaries. 2. Verified the appropriateness of the cash flows projection of the Subsidiary including key assumptions considered as part of the impairment assessment. |
| 3. | <p>Provisions and Contingent Liabilities (Refer note 29(a) to the Standalone Financial Statements)</p> <p>The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Standalone Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p> | <p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of the Board and the Sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgments passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. |

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

In view of ongoing Corporate Insolvency Resolution Process (CIRP), the Interim Resolution Professional (IRP) is responsible for the preparation of the other information. The other information comprises of the information included in the Management Discussion and Analysis, Management's Report including Annexures to Management's Report and Shareholders Information but does not include the Standalone Financial Statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

Independent Auditor's Report

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When after reading the Annual Report we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Financial Statements

In view of ongoing Corporate Insolvency Resolution process ('CIRP'), the Interim Resolution Professional ('IRP'), is responsible for the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, including total comprehensive loss, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and respective management under the IRP.
- Conclude on the appropriateness of Board of Directors and respective management under the IRP's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of Financial Statements;
 - b) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and returns;
 - c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - d) considering the significance of the matter described in the Basis for Adverse Opinion Section above, in our opinion, the aforesaid Standalone Financial Statements do not comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - e) on the basis of the written representations received from the directors of the company as on 31st March, 2022 and taken on record by the Interim Resolution Professional, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of section 164(2) of the Act. However, in view of corporate insolvency resolution process ("CIRP") starting from 29th April 2022, the powers of Board of Directors stand suspended as per section 17 of the code and such powers are exercised by the Interim Resolution Professional during the year;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Company to its director is in accordance with the requirements of Section 197 of the Act.

Independent Auditor's Report

- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in the Standalone Financial Statements (Refer Note 29(a) to the Standalone Financial Statements);
 - ii. the Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv.
 - (a) The management has represented, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on our audit procedure that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) or (b) contain any material misstatement.
 - v. The company has not declared or paid any dividend during the financial year.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 22050051AJYAIL9533

Place: Kolkata
Date: 30th May, 2022

Annexure A to the Independent Auditor's Report

Referred to in Paragraph-1 on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Standalone Financial Statements for the year ended 31st March, 2022

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment and relevant details of right-of-use assets.
(B) The Company does not have any intangible assets. Accordingly this clause of the order is not Applicable.
- (b) The Company has a program of physical verification of Property Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, Property Plant and Equipment have not been physically verified by the Management during the year.
- (c) The Company does not own any immovable property as disclosed in Note 3 on Property, Plant & Equipment to the Standalone Financial Statements. Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use-assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories (excluding stocks with third parties), have been physically verified during the year by the Management at reasonable intervals and no discrepancies of 10% or more in aggregate for each class of inventory were noticed. In respect of inventory lying with third parties, these have substantially been confirmed by them. Keeping in view, the nature of operations, in our opinion, the procedure for physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (b) As disclosed in Note 46 of the financial statements, the Company has been sanctioned working capital limit in excess of Rupees Five crores in aggregate from bank which are secured on the basis of security of current assets and all the loans taken by company fall under Non-Performing-Assets, So the Company has not filed quarterly returns with the banks.
- (iii) (a) During the year the company has not made investments in, granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, LLP or any other parties, except guarantee provided:

| Particulars | Guarantees | Loan |
|--|------------|---------------|
| Aggregate amount during the year | | |
| Subsidiary MBE Coal & Mineral Technology India Private Limited | 150 Lakhs | - |
| Balance outstanding as at balance sheet date | | |
| Vedica Sanjeevani Projects Private Limited | - | 1744.38 Lakhs |

- (b) The Company has not given any security or granted any advances in the nature of loans during the year. In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company.
- (c) In case of loans given where there is no stipulation of schedule of either repayment of principal or payment of interest, we are unable to comment on the regularity of repayment of principal and payment of interest.
- (d) In case of loans given, the schedule for repayment of principal or payment of interest have not been stipulated and accordingly we are unable to comment on the amount overdue for more than ninety days.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loan given to the same parties.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- iv) The Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

Annexure A to the Independent Auditor's Report

- v) The Company has not accepted any deposit or amounts deemed to be deposits from the public during the year within the meaning of directives issued by the Reserve Bank of India under sections 73 to 76 of the Act and the rules framed there under to the extent notified. Accordingly, clause 3(v) of the Order is not applicable.
- vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the same as maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether the same are accurate or complete.
- vii) According to the information and explanations given to us in respect of statutory dues:
- a) The dues of Income Tax have not been regularly deposited during the year with the Income tax authorities. The Company has generally been regular in depositing other undisputed statutory dues, including Provident Fund and other material statutory dues applicable to it to the appropriate authorities. There were arrears in undisputed amounts payable in respect of Income Tax as at 31st March, 2022 for a period of more than six months from the date the same became payable are as follow:

| Name of the Statute | Nature of Dues | Amount | Period to which the amount Relates | Due Date |
|----------------------|----------------|----------------|------------------------------------|--------------------|
| | | (Rs. in Lakhs) | | |
| Income Tax Act, 1961 | TDS U/s 194A | 7.15 | November, 2017 | 7th December, 2017 |
| | | 13.59 | December, 2017 | 7th January, 2018 |
| | | 6.61 | January, 2018 | 7th February, 2018 |
| | | 14.3 | February, 2018 | 7th March, 2018 |
| | | 43.05 | March, 2018 | 7th April, 2018 |
| | | 41.21 | March, 2019 | 7th April, 2019 |
| | TDS U/s 194J | 7.5 | December, 2017 | 7th January, 2018 |
| | | 25 | March, 2018 | 30th April, 2018 |

- b) Details of dues of Sales Tax, Value Added Tax, Service Tax, Goods and Service Tax, Customs Duty and Income Tax which have not been deposited as on 31st March, 2022 on account of disputes are given below:

| Name of the Statute | Forum where dispute is pending | Nature of Dues | Financial year to which the amount relates | Amount involved (Rs. in Lakhs) |
|--------------------------------|--|-------------------|--|--------------------------------|
| Income Tax Act, 1961 | CIT (Appeal) | Income Tax | 2015-16 | 4,776.28 |
| | | TDS | 2014-15 | 111.87 |
| | | TDS | 2015-16 | 302.82 |
| | AO(TDS) | TCS | 2015-16 | 6.35 |
| | AO(TDS) | TDS | 2016-17 | 322.10 |
| | Income Tax Appellate Tribunal (ITAT) | Income Tax | 2016-17 | 2,370.85 |
| Sales Tax/Value Added Tax Acts | Assistant Commissioner/ Additional Commissioner/ Deputy Commissioner/ Commissioner | Sales Tax and VAT | 2008-09 to 2017-18 | 11,993.53 |
| | Appellate Tribunal and Revisional Board | Sales Tax and VAT | 2006-07 to 2017-18 | 5,739.17 |
| | Supreme Court/ High Court | Sales Tax and VAT | 2005-06 to 2017-18 | 21,054.25 |
| The Central Excise Act, 1944 | Custom Excise and Service Tax Appellate Tribunal | Central Excise | 2018-2020 | 300.77 |
| | High Court | Central Excise | 2016-2017 | 25.00 |

Annexure A to the Independent Auditor's Report

| Name of the Statute | Forum where dispute is pending | Nature of Dues | Financial year to which the amount relates | Amount involved (Rs. in Lakhs) |
|---------------------------------|--|----------------|--|--------------------------------|
| The Finance Act, 1994 | Custom Excise and Service Tax Appellate Tribunal | Service Tax | 2003-04 to 2011-12 | 1,810.53 |
| Entry Tax Act. | High Court, Supreme Court, Appellate Tribunal, Commissioner Appeal | Entry Tax | 2005-08, 2010-11 to 2017-18 | 711.24 |
| Goods and Service Tax Act, 2017 | Audit Cell Telangana | GST | 2017-18 to 2019-20 | 339.61 |
| | Audit Cell Tamil Nadu | GST | 2017-18 to 2019-20 | 324.61 |

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 Accordingly, clause 3(viii) of the Order is not applicable.

(ix) a) (i) The Company has defaulted in repayment of loans and borrowings to Banks and the details of continuing default in repayment of loans or payment of interest as provided to us, are as below:

| Nature of borrowing including debt securities | Name of the Lender | Amount not paid on due date (Rs in Lakhs) | | No. of days of delay or unpaid | | Remarks, if any |
|---|--|---|-----------|--------------------------------|----------|---|
| | | Principal | Interest | Principal | Interest | |
| External Commercial Borrowing | ICICI Bank | 502.04 | 218.26 | 1195 | 1097 | The lender has filed the claim to IRP/RP which is provisionally admitted. |
| Working Capital Demand Loan | Axis Bank Limited | 12,660.40 | 5,570.57 | 1100 | 1100 | |
| | Standard Chartered Bank | 3,415.90 | 1,504.66 | 1156 | 1067 | |
| Cash Credit from Banks | Indian Bank (Formerly known as Allahabad Bank) | 8,471.50 | 3,777.44 | 1086 | 1086 | |
| | Axis Bank Limited | 20,449.79 | 9,148.73 | 1100 | 1100 | |
| | Bank of Baroda | 4,165.21 | 1,852.27 | 1097 | 1097 | |
| | Bank of India | 44,844.57 | 18,952.49 | 1073 | 1073 | |
| | Canara Bank | 2,385.85 | 1,322.34 | 1065 | 1065 | |
| | DCB Bank | 292.11 | 130.10 | 731 | 731 | |
| | ICICI Bank | 18,405.66 | 11,717.34 | 1158 | 1158 | |
| | IDBI Bank | 17,262.94 | 7,708.58 | 1097 | 1097 | |
| | Karur Vysya Bank | 8,596.24 | 5,156.42 | 1162 | 1162 | |
| | Lakshmi Vilas Bank | 96.06 | 58.64 | 521 | 521 | |
| | Punjab National Bank (Formerly known as Oriental Bank of Commerce) | 1,077.28 | 514.32 | 1109 | 1109 | |
| | Punjab National Bank | 14,966.19 | 8,426.92 | 1091 | 1091 | |
| | Standard Chartered Bank | 2,571.24 | 1,631.76 | 1067 | 1067 | |
| | State Bank Of India | 25,468.29 | 11,257.67 | 1039 | 1039 | |
| | UCO Bank | 485.69 | 435.12 | 731 | 731 | |
| | Union Bank | 15,073.17 | 6,348.31 | 1067 | 1067 | |
| | Punjab National Bank (Formerly known as United Bank of India) | 53.54 | 34.79 | 944 | 944 | |

(ii) According to the information and explanations given to us, the loans and interest thereon that have been demanded for repayment by the other lenders during the year is provided below:

| Nature of Borrowing including debt securities | Name of the Lender | Amount not paid on due date (Rs in Lakhs) | | No. of days of delay or unpaid | |
|---|--------------------|---|----------|--------------------------------|----------|
| | | Principal | Interest | Principal | Interest |
| Inter Corporate Borrowings | Other Lenders | 1,905 | 4,476.15 | - | - |

In addition to the above, the Company has also defaulted in payment of interest amounting to Rs 706.40 Lakhs (unrecognized) on the above borrowings for the year ended 31st March, 2022.

The Company has not taken any loan from the Financial Institution or Government nor issued any debentures during the year.

- b) The Company has not been declared wilful defaulter by any bank or financial institution or other Lender.
- c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- d) On an overall examination of the financial statements, the Company has not raised any funds on short-term basis during the year. Accordingly, clause 3(ix)(d) of the order is not applicable.
- e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates and joint ventures. Accordingly, clause 3(ix)(e) of the order is not applicable.
- f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, clause 3(ix)(f) of the order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- xi. (a) Based on our examination of the books and records of the Company and according to the information and explanations given to us, no case of frauds by the Company or on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, clause 3(xii)(a), (b) and (c) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company is in compliance with Sections 177 and 188 of the Act, where applicable for transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. (a) According to the information and explanations given to us and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under Audit.
- xv. According to the information and explanations given to us and based on our examination of records, the Company has not entered into any non-cash transactions specified under section 192 of the Act with directors or persons connected with directors during the year. Accordingly, Clause 3(xv) of the Order is not applicable.

- xvi. (a) The Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934. Accordingly reporting under clause 3(xvi)(a),(b),(c) and (d) of the Order is not applicable.
- xvii. Based on the examination of record, the Company has incurred cash losses of Rs 7,061.99 Lakhs in the financial year 2021-22 and Rs 4,311.93 Lakhs in the immediately financial year 2020-21.
- xviii. There has been no resignation of the Statutory Auditors of the Company during the year and accordingly clause 3(xviii) of the order is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, indicate that material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. Based on our examination of records of the Company and information and explanations given to us, due to losses incurred during the year and earlier years, the conditions and requirements of section 135 of the Act is not applicable. Hence, paragraph 3(xx) (a) and (xx) (b) of the Order is not applicable.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 22050051AJYAIL9533

Place: Kolkata
Date: 30th May, 2022

Annexure B to the Independent Auditor's Report

Referred to in Paragraph 2(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Standalone Financial Statements for the year ended 31st March, 2022

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In connection with our audit of the Standalone Financial Statements of McNally Bharat Engineering Company Limited ("the Company") as of and for the year ended 31st March, 2022, we have audited the internal financial controls with reference to Standalone Financial Statements the Company.

Management's Responsibility for Internal Financial Controls

The respective management under Corporate Insolvency Resolution Process (CIRP) of the Company is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable

Annexure B to the Independent Auditor's Report

assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements of future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022 based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 22050051AJYAIL9533

Place: Kolkata
Date: 30th May, 2022

Standalone Balance Sheet as at 31st March, 2022

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

| Particulars | Notes | As at 31st March, 2022 | As at 31st March, 2021 |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and Equipment | 3 | 2,002.15 | 2,635.69 |
| Right to use Assets | 3 | 162.45 | 1,841.08 |
| Capital work-in-progress | 3 | 462.62 | 462.62 |
| Other Intangible Assets | 4 | 47.15 | 47.32 |
| Financial Assets | | | |
| i. Investments | 5 | 18,051.51 | 18,054.36 |
| ii. Other Financial Assets | 6(d) | 14.58 | 2.12 |
| Deferred tax assets | 7 | 51,706.60 | 51,706.60 |
| Other Non-current Assets | 8 | - | 1.83 |
| Total Non-current Assets | | 72,447.06 | 74,751.62 |
| Current Assets | | | |
| Inventories | 9 | 165.82 | 293.00 |
| Financial Assets | | | |
| i. Trade Receivables | 6(a) | 95,549.56 | 1,05,220.29 |
| ii. Cash and cash equivalents | 6(b) | 2,412.41 | 2,722.85 |
| iii. Bank balances other than (ii) above | 6(b) | - | 58.24 |
| iv. Loans | 6(c) | 1,744.38 | 1,744.38 |
| v. Other financial assets | 6(d) | 36,098.11 | 26,923.82 |
| Current Tax Assets (net) | 10(a) | 873.43 | 4,163.44 |
| Other current assets | 10(b) | 45,883.52 | 48,452.37 |
| Total Current Assets | | 1,82,727.23 | 1,89,578.40 |
| Total Assets | | 2,55,174.29 | 2,64,330.02 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 11(a) | 21,157.08 | 21,157.08 |
| Other equity | 11(b) | (22,796.45) | (13,776.18) |
| Total Equity | | (1,639.37) | 7,380.90 |
| LIABILITIES | | | |
| Non-current Liabilities | | | |
| Financial Liabilities | | | |
| i. Borrowings | 12(a) | 14,788.69 | 13,444.26 |
| ii. Other financial liabilities | 12(c) | 88.88 | 2,270.27 |
| Provisions | 13 | 203.34 | 233.42 |
| Total Non-current Liabilities | | 15,080.91 | 15,947.95 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| i. Borrowings | 12(b) | 2,02,646.75 | 2,00,779.27 |
| ii. Lease Liability | 12(c) | 87.60 | - |
| iii. Trade payables | 12(e) | | |
| Total outstanding dues of micro enterprises and small enterprises | | 193.96 | 195.64 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 21,551.40 | 22,387.35 |
| iv. Other financial liabilities | 12(d) | 11,982.58 | 12,357.98 |
| Provisions | 13 | 78.95 | 92.84 |
| Other current liabilities | 14 | 5,191.51 | 5,188.08 |
| Total Current Liabilities | | 2,41,732.75 | 2,41,001.16 |
| Total Liabilities | | 2,56,813.66 | 2,56,949.11 |
| Total Equity and Liabilities | | 2,55,174.29 | 2,64,330.02 |
| Significant Accounting Policies | 1-2 | | |

The above standalone Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 55.

This is the Statement of Profit and Loss referred to in our report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

(V. K. SINGHI)
Partner
Membership Number: 050051

Place: Kolkata,
Date: 30th May, 2022

For McNally Bharat Engineering Company Limited

(Srinivash Singh)
Managing Director
DIN: 00789624

(Brij Mohan Soni)
Chief Financial Officer

(Asim Kumar Barman)
Director
DIN: 02373956

(Indrani Ray)
Company Secretary

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

Standalone Statement of Profit and Loss for the year ended 31st March, 2022

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

| Particulars | Notes | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|-------|--------------------------------|--------------------------------|
| Revenue from operations | 15 | 25,270.74 | 33,278.33 |
| Other income | 16 | 6,285.94 | 2,589.15 |
| Total income | | 31,556.68 | 35,867.48 |
| Expenses | | | |
| Cost of Materials Consumed | 17 | 12,006.63 | 13,608.72 |
| Outsourcing Expenses to Job workers | | 11,819.90 | 12,280.65 |
| Employee Benefit Expense | 18 | 4,407.30 | 4,559.99 |
| Finance Costs | 19 | 4,660.53 | 4,227.62 |
| Depreciation and Amortisation expense | 20 | 609.45 | 673.90 |
| Other Expenses | 21 | 5,767.10 | 5,520.17 |
| Total expenses | | 39,270.91 | 40,871.06 |
| Profit / (Loss) before tax | | (7,714.23) | (5,003.58) |
| Income tax expense | 22 | | |
| - Current tax | | - | - |
| - Deferred tax | | - | - |
| Total Tax Expense | | - | - |
| Profit / (Loss) for the year | | (7,714.23) | (5,003.58) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Remeasurements of post-employment benefit plans (net of taxes) | | 42.79 | 17.75 |
| Other Comprehensive Income for the year | | 42.79 | 17.75 |
| Total Comprehensive Income for the year | | (7,671.44) | (4,985.83) |
| Earnings Per Share | 33 | | |
| Basic Earnings Per Share (Face value of INR 10 each) | | (3.65) | (2.36) |
| Diluted Earnings Per Share (Face value of INR 10 each) | | (3.65) | (2.36) |
| Significant Accounting Policies, Judgement, Estimates and Assumptions | 1-2 | | |

The above standalone Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 55.
This is the Statement of Profit and Loss referred to in our report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

(V. K. SINGHI)
Partner
Membership Number: 050051

Place: Kolkata,
Date: 30th May, 2022

For McNally Bharat Engineering Company Limited

(Srinivash Singh)
Managing Director
DIN: 00789624

(Brij Mohan Soni)
Chief Financial Officer

(Asim Kumar Barman)
Director
DIN: 02373956

(Indrani Ray)
Company Secretary

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

Standalone Statement of Cash Flows for the year ended 31st March, 2022

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

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Cash flow from operating activities | | |
| Profit/(Loss) before income tax | (7714.23) | (5,003.58) |
| Adjustments for: | | |
| Depreciation | 609.45 | 673.90 |
| Finance Cost | 4,660.53 | 4,227.62 |
| Interest Income | (3,639.84) | (2,157.17) |
| Loss/(Profit) on Disposal of Fixed Assets (Net) | (80.99) | (21.73) |
| Provision for Bad & Doubtful Debts/Claims | 30.22 | - |
| Expected credit loss provided for/(written back) | (1,689.45) | 634.93 |
| Advance to vendor written off | 119.72 | - |
| Liability no longer required written back | - | (41.05) |
| Provision for Doubtful Debts against expenses recoverable | 846.82 | - |
| Provision for Future Foreseeable Losses in Construction Contracts | (1,199.11) | (757.51) |
| Unrealised (gain)/ loss on Foreign Currency Translation (Net) | 100.81 | (26.76) |
| Net (gain)/loss on financial assets measured at fair value through profit or loss | 2.87 | (27.82) |
| Change in operating Assets and Liabilities: | | - |
| (Increase)/Decrease in trade receivables | 11,259.36 | 32,847.90 |
| (Increase)/Decrease in inventories | 127.18 | 233.86 |
| Increase/(Decrease) in trade payables | (837.64) | (220.92) |
| (Increase)/Decrease in other financial assets | (8,958.58) | (3,217.37) |
| (Increase)/decrease in other non-current assets | 1.83 | 1.14 |
| (Increase)/decrease in Right to use assets | 1,538.34 | - |
| (Increase)/decrease in other current assets | 2,538.63 | (3,758.50) |
| Increase/(decrease) in provisions | (1.17) | 25.14 |
| Increase/ (decrease) in other financial liabilities | (2,469.20) | 525.19 |
| Increase/ (decrease) in other liabilities | 3.43 | (22,145.93) |
| Cash generated from operations | (4751.02) | 1,791.35 |
| Income taxes (paid)/Refund | 3,290.01 | 2,060.01 |
| Net cash inflow / (outflow) from operating activities | (1461.01) | 3,851.36 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (21.19) | (1.33) |
| Loans given | - | 50.21 |
| Proceeds from sale of property, plant and equipment | 266.71 | 41.75 |
| Deposits matured/(made) during the year | 58.24 | 49.71 |
| Interest received | 3,639.84 | 6.51 |
| Net cash inflow / (outflow) from investing activities | 3,943.59 | 146.85 |

Standalone Statement of Cash Flows for the year ended 31st March, 2021 (Contd.)

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

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Cash flows from financing activities | | |
| Proceeds from borrowings | 4,632.47 | 2,164.48 |
| Repayment of borrowings | (2,764.98) | - |
| Interest paid | (4,660.53) | (5,100.99) |
| Net cash inflow / (outflow) from financing activities | (2,793.04) | (2,936.51) |
| Net increase / (decrease) in cash and cash equivalents | (310.46) | 1,061.70 |
| Cash and cash equivalents at the beginning of the financial year | 2,722.85 | 1,661.15 |
| Effects of exchange rate changes on cash and cash equivalents | - | - |
| Cash and cash equivalents at end of the year | 2,412.41 | 2,722.85 |
| Reconciliation of cash and cash equivalents as per the cash flow statement | | |
| Cash and cash equivalents as per above comprise of the following: | | |
| Cash and cash equivalents | 2,412.41 | 2,722.85 |
| Balances per statement of cash flows | 2,412.41 | 2,722.85 |

Change in Liability arising from Financing Activities

| Particulars | April 01, 2021 | Cash Flow | Foreign Exchange Movement | Other Adjustment # | March 31, 2022 |
|--------------------------|--------------------|-----------------|------------------------------|-----------------------|--------------------|
| Borrowings (Non-Current) | 19,383.08 | - | 14.65 | 1,344.43 | 20,742.16 |
| Borrowings (Current) | 2,00,779.27 | 1,867.49 | - | - | 2,02,646.75 |
| Total | 2,20,162.35 | 1,867.49 | 14.65 | 1,344.43 | 2,23,388.91 |

Other Adjustment of Rs. 1,344.43 lakhs is in respect of Non-Current Borrowings as reversal of fair value gain on deferment of advances received from certain companies and converted into interest free Inter Corporate Deposits (ICDs) during earlier years {Refer Note 11(B)(v) and Note 41}.

Notes:

1. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of cash flows.

The above standalone Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 55.

This is the Statement of Profit and Loss referred to in our report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

(V. K. SINGHI)
Partner
Membership Number: 050051

Place: Kolkata,
Date: 30th May, 2022

For McNally Bharat Engineering Company Limited

(Srinivash Singh)
Managing Director
DIN: 00789624

(Brij Mohan Soni)
Chief Financial Officer

(Asim Kumar Barman)
Director
DIN: 02373956

(Indrani Ray)
Company Secretary

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

Standalone Statement of Changes in Equity for the year ended 31st March, 2022

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

| A. Equity Share Capital | | |
|---------------------------------|-------|----------------------|
| Particulars | Notes | Equity Share Capital |
| As at 31st March, 2020 | | 21,157.08 |
| Changes in Equity Share Capital | 11(a) | - |
| As at 31st March, 2021 | | 21,157.08 |
| Changes in Equity Share Capital | 11(a) | - |
| As at 31st March, 2022 | | 21,157.08 |

B. Other Equity

| Particulars | Notes | Money Received against Share Warrants | Compulsorily Convertible Preference Share Capital | Reserves and Surplus | | | | | Total |
|--|----------|---------------------------------------|---|----------------------|-------------------|----------------------------|-----------------|----------------|-------------|
| | | | | Securities Premium | Retained Earnings | Capital Redemption Reserve | General Reserve | Other Reserves | |
| Balance at 1st April, 2021 | | - | - | 1,12,869.05 | (2,13,448.95) | 101.00 | 1,549.64 | 85,148.69 | (13,780.57) |
| Profit/(Loss) for the year | | - | - | - | (7,714.23) | - | - | - | (7,714.23) |
| Other Comprehensive Income | | - | - | - | 42.79 | - | - | - | 42.79 |
| Total Comprehensive Income for the year | | - | - | - | (7,671.44) | - | - | - | (7,671.44) |
| Forfeiture of Share Warrants | below 44 | - | - | - | - | - | - | (1,344.43) | (1,344.43) |
| Reversal of Fair value gain on Financial Liabilities | | - | - | - | - | - | - | - | - |
| Converted into equity | | - | - | - | - | - | - | - | - |
| Transfer to Financial Liabilities | 12(a) | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | (1,344.43) | (1,344.43) |
| Balance at 31st March, 2022 | | - | - | 1,12,869.05 | (2,21,120.39) | 101.00 | 1,549.64 | 83,804.27 | (22,796.43) |

| Particulars | Notes | Money Received against Share Warrants | Compulsorily Convertible Preference Share Capital | Reserves and Surplus | | | | | Total |
|--|-------|---------------------------------------|---|----------------------|-------------------|----------------------------|-----------------|----------------|-------------|
| | | | | Securities Premium | Retained Earnings | Capital Redemption Reserve | General Reserve | Other Reserves | |
| Balance at 1st April, 2020 | | - | - | 1,12,869.05 | (2,08,463.12) | 101.00 | 1,549.64 | 86,370.90 | (7,572.53) |
| Profit/(Loss) for the year | | - | - | - | (5,003.58) | - | - | - | (5,003.58) |
| Other Comprehensive Income | | - | - | - | 17.75 | - | - | - | 17.75 |
| Total Comprehensive Income for the year | | - | - | - | (4,985.83) | - | - | - | (4,985.83) |
| Forfeiture of Share Warrants | | - | - | - | - | - | - | - | - |
| Reversal of Fair value gain on Financial Liabilities | 44 | - | - | - | - | - | - | (1,222.21) | (1,222.21) |
| | | - | - | - | - | - | - | (1,222.21) | (1,222.21) |
| Balance at 31st March, 2021 | | - | - | 1,12,869.05 | (2,13,448.95) | 101.00 | 1,549.64 | 85,148.69 | (13,776.18) |

Note : A Note : An amount of Rs. 620 Lakhs (including Securities Premium of Rs. 520 Lakhs) was received by the Company as 25% subscription money from two parties towards allotment of 40,00,000 Equity Share Warrants. On non-exercise of their option attached to the warrants for subscription of Equity Shares of the Company, the Company has forfeited the amount during the financial year 2019-20.

The above standalone Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 55.

This is the Statement of Profit and Loss referred to in our report of even date.

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

(V. K. SINGHI)
Partner
Membership Number: 050051

Place: Kolkata,
Date: 30th May, 2022

For McNally Bharat Engineering Company Limited

(Srinivash Singh)
Managing Director
DIN: 00789624

(Brij Mohan Soni)
Chief Financial Officer

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

(Asim Kumar Barman)
Director
DIN: 02373956

(Indrani Ray)
Company Secretary

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

Corporate Information

McNally Bharat Engineering Company Limited (MBECL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at Four Mangoe Lane, Kolkata- 700001 and Corporate Office is located at Campus 2B, Ecospace Business Park, 11F/12 Rajarhat, New Town, Kolkata- 700160. The Company's Equity Shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is engaged in diversified construction activities primarily execution of Turnkey Projects.

The Hon'ble National Company Law Tribunal(NCLT), Kolkata Bench vide orderdated 29/04/2022 while admitting section 7 application under Insolvency and Bankruptcy Code, 2016, one of the financial creditors, initiated Corporate Insolvency Resolution Processagainst the company.

CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was initially appointed as the Interim Resolution Professional in the said matter.

The CIRP under Insolvency and Bankruptcy Code, 2016 is in progress.

This note provides a list of significant accounting policies adopted in the preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Note 1: Significant Accounting Policies

(a) Basis of Preparation of Standalone Financial Statements

(i) Compliance with Ind AS

The Standalone Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Standalone Financial Statements.

(ii) Historical cost convention

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments); and
- Defined benefit plans – plan assets measured at fair value.

(iii) Operating Cycle

All assets and liabilities have been classified as current or non - current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 24 months.

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Standalone Financial Statements are continually evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(b) Segment Reporting

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC). Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Managing Director and Chief Financial Officer for the purpose of resource allocation and assessing performance focuses on the business as a whole. The CODM reviews the Company's performance on the analysis of profit before tax at an overall level. Further, there are no reportable geographical segments since significant business is within India. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

(c) Foreign Currencies

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other Income'. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Standalone Statement of Profit and Loss.

(i) Functional Currency

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone Financial Statements are presented in Indian rupee (INR), which is the functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Standalone Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Standalone Statement of Profit and Loss on a net basis within other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (India Accounting Standard) Amendment Rules, 2018. The new standard was effective for accounting periods beginning on or after April 1, 2018. The Company has adopted Ind AS 115 using the modified retrospective approach. The adoption of the standard did not have any material impact to the Standalone Financial Statements of the Company. The Company derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminum, Material Handling, Mineral Beneficiation, Pyroprocessing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. (together called as "turnkey solutions").

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

(i) Sale of Goods

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Company's revenue and profit or loss. The Company has concluded that the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Construction Contracts

Revenue from contracts are recognised with reference to the stage of completion method in accordance with Ind AS - 115. Obligations under the long term construction contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Company. Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included as a liability as advances received. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

(iii) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

(provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax expense/ (income).

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Standalone Statement of profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used till the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

(f) Leases

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee (Assets taken on lease)

The Company recognizes a Right-of-use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, if applicable. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

(g) Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Standalone Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, demand deposits, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

(i) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

(j) Inventories

Inventories consists of raw materials, bought out components and loose tools.

Raw materials, bought out components and loose tools are stated at the lower of cost and net realizable value. Cost of inventories comprises costs of purchases. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials and stores on weighted average basis, and to bought out components on specific identification on individual cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Standalone Statement of Profit and Loss.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Gains and losses are recognised in the Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

(I) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss, and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Standalone Statement of Profit and Loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Standalone Statement of Profit and Loss.

Investments in Subsidiaries and Joint Ventures are recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets".

- (a) Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- (b) Equity instruments at Fair value through Profit or loss (FVTPL) - The Company subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/ (losses) in the Standalone Statement of Profit and Loss. The Company has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI)

(iii) Impairment of Financial Assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the company operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Standalone Statement of Profit and Loss.

For trade receivables and due from customers, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

(m) Derivatives that are not designated as hedges

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

- i. it is probable that future economic benefits associated with the item will flow to the entity; and
- ii. the cost of an item can be measured reliably.

All items of Property, Plant and Equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Standalone Statement of Profit and Loss during the reporting period in which they are incurred.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

| Class of Assets | Useful Lives as followed by the management |
|---------------------|--|
| Plant and Machinery | 3 to 20 years |

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the Standalone Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(p) Intangible Assets

(i) Computer Software

Costs incurred on computer software resulting in future economic benefits are capitalized as Intangible Assets.

Intangible Assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining software programs are recognised as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortised from the point at which the asset is available for use.

(ii) Amortisation methods and periods

Computer software are amortized on a straight line basis over a period of three years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 24 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of borrowings using the effective interest method.

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these Preference Shares are recognized in the Standalone Statement of Profit and Loss as finance costs.

Borrowings are derecognised from the Standalone Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Standalone Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(s) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Standalone Statement of Profit and Loss in the period in which they are incurred.

(t) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre – tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense in the Standalone Statement of Profit and Loss.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or amount of the obligation cannot be measured with sufficient reliability.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(u) Employee Benefits

(i) Short – term Obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 24 months after the year end and non - monetary benefits that are expected to be settled wholly within 24 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the Standalone Balance Sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

Employees' State Insurance Scheme: Contribution to Central Government of India administered Employees' State Insurance Scheme for eligible employees is recognized as charge in the Standalone Statement of Profit and Loss in the year in which they are accrued.

(ii) Other Long Term Employee Benefit Obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 24 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Standalone Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

The obligations are presented as current liabilities in the Standalone Balance Sheet if the entity does not have an unconditional right to defer settlement for at least the operating cycle after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Defined Benefit Plans

The Company operates defined benefit plans such as Gratuity, Post - employment medical obligations and Provident Fund (administered by independent Trust).

The Company provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. The gratuity fund is administered by independent Trustees. Plan assets are managed by Life Insurance Corporation of India (LIC).

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

The Company provides for post – retirement medical benefits to eligible retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The Company has a provident fund benefit plan which is administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, it is categorized as a defined benefit plan.

The liability or asset recognized in the Standalone Balance Sheet in respect of the above defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

(iii) Defined Benefit Plans (Contd.)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Standalone Statement of Profit and Loss.

Re-measurement gains and losses arising from experience and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Standalone Statement of Profit and Loss as past service cost.

(v) Contributed Equity

Equity Shares are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

(w) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

- Profit/ (Loss) attributable to equity shareholders of the Company
- By the weighted average number of Equity Shares outstanding during the financial year, adjusted for the effect of all dilutive potential Equity Shares.

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in their determination of basic earnings per share to take into account

- Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

- The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

Rounding off amounts

All amounts disclosed in the Standalone Financial Statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Act, unless otherwise stated.

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Standalone Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements.

In the process of applying the company's accounting policies, management has made the following estimates, judgements and assumptions, which have the significant effect on the amounts recognised and disclosed in the Standalone Financial Statements:

1. Going Concern Assumptions in the preparation of the Standalone Financial Statements.
2. Expected Cost of Completion of Contracts.
3. Fair Value Measurement of Financial Instruments.
4. Impairment of Investments in Joint Venture and Subsidiaries
5. Recognition of Deferred Tax Assets for carried forward tax losses
6. Impairment of Trade Receivables and due from customers
7. Provisions, Claims and Contingent Liabilities
8. Estimation of Defined Benefits Obligation
9. Useful life of Property, Plant and Equipment

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 3: Property, Plant and Equipment

| Particulars | Plant & Equipment | Furniture & Fixtures | Vehicles | Office Equipment | Total | Capital work-in-progress | Right to Use Assets |
|---|-------------------|----------------------|--------------|------------------|------------------|--------------------------|---------------------|
| 1st April, 2020 | | | | | | | |
| Gross Carrying Amount | | | | | | | |
| Opening gross carrying amount | 10,061.35 | 723.43 | 60.85 | 105.93 | 10,951.56 | 462.48 | 2,137.64 |
| Additions | 0.16 | - | - | 1.04 | 1.20 | 0.14 | - |
| Disposals/Adjustments | (128.60) | - | - | - | (128.60) | - | - |
| Closing Gross Carrying Amount | 9,932.90 | 723.43 | 60.85 | 106.97 | 10,824.16 | 462.62 | 2,137.64 |
| Accumulated Depreciation | | | | | | | |
| Opening Accumulated Depreciation | 7,065.13 | 565.61 | 45.34 | 105.50 | 7,781.56 | - | 148.28 |
| Depreciation charged during the year | 489.01 | 32.86 | 1.78 | 1.03 | 524.68 | - | 148.28 |
| Disposals | (117.79) | - | - | - | (117.79) | - | - |
| Closing Accumulated Depreciation | 7,436.35 | 598.47 | 47.11 | 106.53 | 8,188.45 | - | 296.56 |
| Net carrying amount as at 31st March, 2022 | 2,496.55 | 124.97 | 13.73 | 0.44 | 2,635.69 | 462.62 | 1,841.08 |
| 1st April, 2022 | | | | | | | |
| Gross Carrying Amount | 9,932.90 | 723.43 | 60.85 | 106.97 | 10,824.15 | 462.62 | 2,137.64 |
| Additions | 16.04 | 0.25 | - | 4.86 | 21.16 | - | 194.94 |
| Disposals/Adjustments | (183.66) | (45.45) | (2.73) | (1.91) | (233.74) | - | (2,137.64) |
| Closing Gross Carrying Amount | 9,765.28 | 678.24 | 58.12 | 109.92 | 10,611.56 | 462.62 | 194.94 |
| Accumulated Depreciation | | | | | | | |
| Opening Accumulated Depreciation | 7,436.35 | 598.47 | 47.11 | 106.53 | 8,188.44 | - | 296.56 |
| Depreciation charged during the year | 422.22 | 30.30 | 4.01 | 9.05 | 465.58 | - | 143.70 |
| Disposals / Adjustment | - | - | - | (44.63) | (44.63) | - | (407.77) |
| Closing Accumulated Depreciation | 7,858.57 | 628.76 | 51.13 | 70.95 | 8,609.41 | - | 32.49 |
| Net carrying amount as at 31st March, 2022 | 1,906.71 | 49.48 | 6.99 | 38.97 | 2,002.15 | 462.62 | 162.45 |

(i) Property, Plant and Equipment pledged as Security

Refer to note 35 on Property, Plant and Equipment and Capital Work-in-progress pledged as security by the Company.

(ii) Capital Commitments

Refer to note 27 for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

Capital work-in-Progress ageing Schedule for the year ended March 31, 2022 & March 31, 2021

| Capital Work-in-Progress | Amount in CWIP for a period of | | | | |
|--------------------------------|--------------------------------|----------|----------|-----------------|---------------|
| | Less than 1 Year | 1-2 Year | 2-3 Year | More than 3Year | Total |
| 31st March 2022 | | | | | |
| Projects temporarily suspended | - | - | - | 462.62 | 462.62 |
| 31st March 2021 | | | | | |
| Projects temporarily suspended | - | - | - | 462.62 | 462.62 |

The Projects are under dispute, hence temporarily Suspended for Completion.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 4: Other Intangible Assets

| Particulars | Computer Software * |
|---|---------------------|
| 1st April, 2020 | |
| Gross Carrying Amount | |
| Opening Gross Carrying Amount | 67.53 |
| Additions | - |
| Closing Gross Carrying amount | 67.53 |
| Accumulated Amortisation | |
| Opening Accumulated Amortisation | 19.25 |
| Amortisation charge for the year | 0.96 |
| Closing accumulated amortisation | 20.21 |
| Net Carrying Amount as at 31st March, 2021 | 47.32 |
| 1st April, 2021 | |
| Gross Carrying Amount | |
| Opening Gross Carrying Amount | 67.53 |
| Additions | - |
| Closing Gross Carrying amount | 67.53 |
| Accumulated Amortisation | |
| Opening Accumulated Amortisation | 20.21 |
| Amortisation charge for the year | 0.17 |
| Closing accumulated amortisation | 20.38 |
| Net Carrying Amount as at 31st March, 2022 | 47.15 |

* Computer software consists of other than internally generated intangible assets.

Note 5: Non-current Investments

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Investment in Equity Instruments (fully paid-up) | | |
| In Subsidiaries | | |
| Quoted (at cost) | | |
| 66,68,698 (31st March, 2021 : 66,68,698) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited* | 11,640.03 | 11,640.03 |
| Unquoted (at cost) | | |
| 36,00,000 (31st March, 2021 : 36,00,000) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited* | 6,283.70 | 6,283.70 |
| 99,400 (31st March, 2021: 99,400) Equity Shares of McNally Bharat Equipments Limited | 9.94 | 9.94 |
| 6,49,459 (31st March, 2021 : 6,49,459) Equity Shares of Rs. 10/- each of MBE Mineral Technologies Pte Limited (Cost Rs. 2550.74 , fully impaired) | 2,550.74 | 2,550.74 |
| 4,99,99,996 (31st March, 2021 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited (Cost Rs. 4.69 , fully impaired) | 4.69 | 4.69 |
| 100 (31st March, 2021 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited (Cost Rs. 0.13 , fully impaired) - deregistered w.e.f 30th June, 2017) | 0.13 | 0.13 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| In Joint Ventures | | |
| Unquoted (at cost) | | |
| 87,500 (31st March, 2021 : 87,500) Equity Shares of EMC MBE Contracting Company LLC (Cost Rs. 152.31, fully Impaired) | 152.31 | 152.31 |
| Equity Instruments carried at Fair Value Through Profit and Loss | | |
| Quoted | | |
| 10,960 (31st March, 2021 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited | 36.71 | 29.59 |
| 10,960 (31st March, 2021: 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited | 2.50 | 2.09 |
| Total (Equity Instruments) | 20,680.76 | 20,673.23 |
| Investment in Mutual Funds | | |
| Unquoted | | |
| 3,62,970.078 (31st March, 2021 : 3,62,970.078 units of L&T Short Term Opportunities Growth Fund (Refer Note 35) | 78.62 | 89.02 |
| Total (Mutual Funds) | 78.62 | 89.02 |
| Impairment in the value of Investments carried at cost | | |
| 6,49,459 (31st March , 2021 : 6,49,459) Equity Shares of Rs. 10/- each of MBE Mineral Technologies Pte Limited | 2,550.74 | 2,550.74 |
| 4,99,99,996 (31st March, 2021 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited | 4.69 | 4.69 |
| 100 (31st March , 2021 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited | 0.13 | 0.13 |
| 87,500 (31st March, 2021 : 87,500) Equity Shares of EMC MBE Contracting Company LLC | 152.31 | 152.31 |
| Total Impairment | 2,707.87 | 2,707.87 |
| Total Non-current Investments | 18,051.51 | 18,054.37 |
| Aggregate amount of market value of Quoted Investments * | 11,679.25 | 11,671.72 |
| Aggregate amount of unquoted Investments | 6,372.26 | 6,382.65 |
| Aggregate amount of impairment in the value of Investments | 2,707.87 | 2,707.87 |

* McNally Sayaji Engineering Limited (MSEL) was previously listed with Delhi Stock Exchange Limited (DSEL), Ahmedabad Stock Exchange Limited (ASEL) and Vadodara Stock Exchange Limited (VSEL). VSEL and ASEL stock exchanges have undergone compulsory / voluntary exit as per relevant SEBI circulars /orders. Further, SEBI has passed order for derecognition of DSEL. With effect from April 17, 2018 McNally Sayaji Engineering Limited has got enlisted with Metropolitan Stock Exchange of India (MSE). Considering the fact that MSEL was not traded at MSE during the year, the market value of the quoted investments includes the book value of the investment in MSEL in absence of availability of market quote. Further, 36 Lakhs number of Equity Shares of MSEL has not been listed in any of the Stock Exchanges as on the date of approval of these Standalone Financial Statements. Refer Note 35 on Investments pledged as security by the Company. McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares as security against the term loan facilities granted to McNally Sayaji Engineering Ltd. (A subsidiary of MBECL) from ICICI Bank Limited. During the year, ICICI Bank Limited has invoked pledge created over these shares, and also transfer in favour of them, for a transfer value of Re. 1 adjusted towards the over dues of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer. Accordingly, the Company has not made any adjustment to the carrying value of the Investment and also not adjusted in number of Shares as on 31st March, 2022. As per D-Mat Statement 23,37,211 already transfer to ICICI Bank Limited.

The Company has executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 6,331,487 equity shares of McNally Sayaji Engineering Company Limited.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 6(a) : Trade receivables

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Unsecured | | |
| Trade receivables - Considered good | 1,01,973.69 | 1,12,110.14 |
| Trade receivables - Which have significant increase in credit risk | - | - |
| Trade receivables - Credit impaired | 23,505.19 | 24,563.74 |
| Less: Allowance for doubtful receivables (Expected loss provision) | (29,929.32) | (31,453.59) |
| Total receivables | 95,549.56 | 1,05,220.29 |
| Current | 95,549.56 | 1,05,220.29 |
| Non-current | - | - |

Trade Receivables Ageing Schedule as at 31st March, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|--|-----------------------|----------------------|-----------------|------------------|----------------------|--------------------|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Receivables - Considered Good | 22,199.82 | 3,043.09 | 1,279.28 | 6,006.67 | 10,969.31 | 15,073.36 | 58,571.52 |
| Undisputed Receivables - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Receivables - Credit Impaired | - | - | - | - | - | 23,505.19 | 23,505.19 |
| Disputed Receivables - Considered Good | 7,148.21 | - | - | 97.49 | 7,656.94 | 28,499.52 | 43,402.16 |
| Disputed Receivables - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Receivables - Credit Impaired | - | - | - | - | - | - | - |
| Total Receivables | 29,348.04 | 3,043.09 | 1,279.28 | 6,104.16 | 18,626.25 | 67,078.07 | 1,25,478.87 |
| Less Allowance for Doubtful trade receivables | | | | | | | 29,929.32 |
| Net Total Receivables | | | | | | | 95,549.56 |

Trade Receivables Ageing Schedule as at 31st March, 2021

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|--|-----------------------|----------------------|------------------|------------------|----------------------|--------------------|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Receivables - Considered Good | 23,166.51 | 11,333.83 | 4,568.96 | 11,325.84 | 4,845.76 | 13,466.59 | 68,707.46 |
| Undisputed Receivables - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed Receivables - Credit Impaired | - | - | - | - | - | 24,563.74 | 24,563.74 |
| Disputed Receivables - Considered Good | 7,148.21 | 25.68 | | 7,727.66 | 9,899.72 | 18,601.40 | 43,402.67 |
| Disputed Receivables - Which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Receivables - Credit Impaired | - | - | - | - | - | - | - |
| Total Receivables | 30,314.72 | 11,359.50 | 4,568.96 | 19,053.49 | 14,745.48 | 56,631.73 | 1,36,673.87 |
| Less Allowance for Doubtful trade receivables | | | | | | | 31,453.59 |
| Net Total Receivables | | | | | | | 1,05,220.29 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 6(b) : Cash and cash Equivalents

| Particulars | As at 31st March , 2022 | As at 31st March , 2021 |
|--|----------------------------|----------------------------|
| Balances with banks | | |
| - in current accounts | 2,404.26 | 2,719.42 |
| - in cash credit accounts | 6.48 | 0.04 |
| Cash on hand | 0.93 | 3.39 |
| Deposits with maturity of less than three months | 0.75 | - |
| Total cash and cash equivalents | 2,412.41 | 2,722.85 |
| Other bank balances | | |
| Earmarked balances with banks | - | 51.20 |
| Deposits with bank | - | 7.04 |
| Total other bank balances | - | 58.24 |

- (i) Earmarked balances with bank represent balances held for margin money against issue of bank guarantees and Letter of Credit, having maturity of less than one year.
- (ii) There are certain repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period .
- (iii) Deposit with Sales tax Authority

*The above figure are subject to Balance Confirmation

Note 6(c) : Loans

| Particulars | As at 31st March , 2022 | As at 31st March , 2021 |
|---|----------------------------|----------------------------|
| Unsecured | | |
| Loans to others - Considered good | 1,744.38 | 1,744.38 |
| Loans to subsidiaries - Credit impaired | 1,425.12 | 1,425.12 |
| Less: Allowance for doubtful loan receivables | (1,425.12) | (1,425.12) |
| Total Loans | 1,744.38 | 1,744.38 |

Note 6(d) : Other financial assets

| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
|--|------------------------|------------------|------------------------|------------------|
| | Non-Current | current | Non-Current | current |
| Security deposits* | - | 1,470.27 | 2.12 | 992.91 |
| Deposit for Joint Venture | - | 4,149.09 | - | 702.18 |
| Advance to Employees | - | 3.17 | - | 55.18 |
| Due from customers (refer note 32) | - | 2,363.21 | - | 288.79 |
| Earmarked balances with banks (Refer note (i) below) | 14.58 | - | - | - |
| Claim recoverable (Refer note 45) | - | 28,112.37 | - | 24,884.75 |
| Total other financial assets | 14.58 | 36,098.11 | 2.12 | 26,923.82 |

- (i) Earmarked balances with bank represent balances held for margin money against issue of Letter of Credit of Rs 3.80 Lakhs and Rs 10.78 Lakhs held with Local Authorities

* It includes Rs 552 Lakhs Fixed deposit in the name of Delhi High Court as per direction of court order against arbitration case.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 7 : Deferred tax assets

(A) The balance comprises temporary differences attributable to:

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Deferred Tax Assets on : | | |
| Tax losses | 51,540.39 | 51,540.39 |
| Difference in WDV of Property, Plant & Equipment and Intangible Assets between the Companies Act, 2013 and Income Tax Act, 1961 | 166.21 | 166.21 |
| Total deferred tax assets | 51,706.60 | 51,706.60 |

The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds by the investors coming to the Company, 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 for the year ended 31st March, 2019, 2020, 2021 and 31st March, 2022 taking a conservative approach. {Also refer note 22(a) to the Standalone Financial Statements}

Note 8: Other non-current assets

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------------|---------------------------|---------------------------|
| Prepaid Rent | - | 1.83 |
| Total other non-current assets | - | 1.83 |

Note 9: Inventories

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--------------------------|---------------------------|---------------------------|
| Raw materials | 165.82 | 293.00 |
| Total inventories | 165.82 | 293.00 |

Note 10(a): Current tax assets (net)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Advance income tax | 873.43 | 4,163.44 |
| (net of provisions Rs 390.84 Lakhs, Previous Year Rs 390.84 Lakhs) | | |
| Total current tax assets (net) | 873.43 | 4,163.44 |

Note 10(b): Other current assets

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Advance to suppliers & others* | 26,369.73 | 27,173.90 |
| Advance to | | |
| - Subsidiaries | 3,387.83 | 2,791.62 |
| - Joint Venture | - | - |
| Balance with statutory/government authorities {Refer note(29c)} | 15,603.35 | 17,671.61 |
| Prepaid expenses | 522.61 | 815.25 |
| Total other current assets | 45,883.52 | 48,452.37 |

* Balances shown are subjected to confirmation and reconciliation with respective parties.

* net of amounts written off in C.Y RsRs 119.72 Lakhs (PY Nil).

** It includes GST Input tax Credit Rs 130.14 Lakhs blocked by department during the year .

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 11: EQUITY SHARE CAPITAL AND OTHER EQUITY**11(A) EQUITY SHARE CAPITAL**

| Particulars | Equity Shares | | COMPULSORILY CONVERTIBLE PREFERENCE SHARES (CCPS) | |
|---------------------------------|---------------------|------------------|---|------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Authorised | | | | |
| As at 31st March, 2020 | 24,00,00,000 | 24,000.00 | 14,00,00,000 | 14,000.00 |
| As at 31st March, 2021 | 24,00,00,000 | 24,000.00 | 14,00,00,000 | 14,000.00 |
| As at 31st March, 2022 | 24,00,00,000 | 24,000.00 | 14,00,00,000 | 14,000.00 |
| Issued, Subscribed and Paid up: | | | | |
| (i) Movements in Share Capital | | | | |
| As at 31st March, 2020 | 21,15,70,757 | 21,157.08 | - | - |
| As at 31st March, 2021 | 21,15,70,757 | 21,157.08 | - | - |
| As at 31st March, 2022 | 21,15,70,757 | 21,157.08 | - | - |

(i) Terms and Rights attached to Equity Shares:

Each Equity Share has a par value of Rs 10/-. It entitles the holder to participate in dividends, and to share upon liquidation of the company in proportion to the number of shares held and amounts paid thereon.

Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Terms and Rights attached to Compulsorily Convertible Preference Shares(CCPS):

Each CCPS is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment.

CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the Company.

The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid.

Each CCPS would carry a dividend of 1% which would be non cumulative

(ii) Shares of the company held by Holding/Ultimate Holding Company

The Company does not have a Holding Company.

(iii) Details of shareholders holding more than 5% of the aggregate Equity Shares in the Company:

| Particulars | 31st March, 2022 | | 31st March, 2021 | |
|---------------------------------------|------------------|-----------|------------------|-----------|
| | Number of shares | % holding | Number of shares | % holding |
| Williamson Magor & Co Limited | 2,23,18,952 | 10.55 | 2,53,18,952 | 11.97 |
| Williamson Financial Services Limited | 1,92,14,753 | 9.08 | 1,92,14,753 | 9.08 |
| Babcock Borsig Limited | 1,36,64,636 | 6.46 | 1,36,64,636 | 6.46 |
| Sahal Business Private Limited | 1,74,47,637 | 8.25 | 1,74,47,637 | 8.25 |
| IL&FS Financial Services Limited | 1,61,29,000 | 7.62 | 1,61,29,000 | 7.62 |
| Aditya Birla Finance Limited | 1,12,90,000 | 5.34 | 1,12,90,000 | 5.34 |
| DMI Finance Private Limited | - | - | 1,09,87,762 | 5.19 |

iv) Aggregate number of shares issued for consideration other than cash for the period of five years immediately preceeding the date at which the Balance Sheet is prepared:

On 30th March, 2017, the Company had allotted 4,16,21,273 Compulsorily Convertible Preference Shares (CCPS) at Rs. 66 (including Security Premium of Rs. 56) per share for Rs. 27,470.04 Lakhs to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited for consideration other than cash, with whom the Company had entered into

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

an agreement on 17th February, 2017. Vide the same agreement entered into by the Company and Vedica Sanjeevani Projects Private Limited on 17th February, 2017, the Company acquired 4,75,200 Equity Shares and 12,47,004 debentures of Vedica Sanjeevani Projects Private Limited, as consideration for issuing CCPS to the latter. The CCPS so allotted have been converted into the Equity Shares as per the terms.

Shareholding of Promoters

| Shares held by promoters at the end of the year | As at 31st March, 2022 | | As at 31st March, 2021 | | % Change during the year |
|---|------------------------|-------------------|------------------------|-------------------|--------------------------|
| Promoter Name | No. of Shares | % of Total Shares | No. of Shares | % of Total Shares | |
| WILLIAMSON MAGOR & CO LIMITED | 2,23,18,952.00 | 10.55 | 25318952 | 11.97 | 1.42 |
| WILLIAMSON FINANCIAL SERVICES LIMITED | 1,92,14,753.00 | 9.08 | 19214753 | 9.08 | - |
| BABCOCK BORSIG LIMITED | 1,36,64,636.00 | 6.46 | 13664636 | 6.46 | - |
| EMC LIMITED | 1,01,37,689.00 | 4.79 | 10137689 | 4.79 | - |
| MCLEOD RUSSEL INDIA LIMITED | 30,52,295.00 | 1.44 | 3052295 | 1.44 | - |
| KILBURN ENGINEERING LIMITED | 8,54,300.00 | 0.40 | 854300 | 0.40 | - |
| BISHNAUTH INVESTMENTS LIMITED | 99,400.00 | 0.05 | 99400 | 0.05 | - |
| ISHA KHAITAN | 24,000.00 | 0.01 | 24000 | 0.01 | - |
| AMRITANSHU KHAITAN | 8,000.00 | 0.00 | 8000 | 0.00 | - |
| LATE B M KHAITAN* | 21.00 | 0.00 | 21 | 0.00 | - |
| Total | 6,93,74,046 | | 7,23,74,046 | | |

* He was demised on 1st June 2019 but company has not received transmission request yet.

Note 11(b) Other Equity

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|----------------------------|------------------------|------------------------|
| Securities Premium | 1,12,869.05 | 1,12,869.05 |
| Capital Redemption Reserve | 101.00 | 101.00 |
| General Reserve | 1,549.64 | 1,549.64 |
| Retained Earnings | (2,09,113.76) | (2,13,448.95) |
| Other Reserves | 83,804.25 | 85,148.69 |
| Total Other Equity | (22,796.45) | (13,776.18) |

(i) Securities Premium

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|------------------------|------------------------|
| As per last Financial Statement | 1,12,869.05 | 1,12,869.05 |
| Closing balance | 1,12,869.05 | 1,12,869.05 |

Nature and purpose:

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Act.

(ii) Capital Redemption Reserve

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|------------------------|------------------------|
| As per last Financial Statement | 101.00 | 101.00 |
| Closing balance | 101.00 | 101.00 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Nature and purpose:

Capital Redemption Reserve is a non distributable reserve. The reserve can be utilised in accordance with the provisions of the Act, 2013.

(iii) General Reserve

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|---------------------------|---------------------------|
| As per last Financial Statement | 1,549.64 | 1,549.64 |
| Closing balance | 1,549.64 | 1,549.64 |

Nature and purpose:

The reserve is a part of Retained Earnings. This is available for distribution to the shareholders as a part of free reserve.

(iv) Retained Earnings

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| As per last Financial Statement | (2,13,448.95) | (2,08,463.12) |
| Net Profit/(Loss) for the year | (7714.23) | (5,003.58) |
| Items of OCI directly transferred to retained earnings | 42.79 | 17.75 |
| Closing balance | (2,21,120.39) | (2,13,448.95) |

Nature and purpose:

This reserve represents the cumulative profits of the company. This reserve can be utilised in accordance with the provisions of the Act.

(v) Other Reserves

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| As per last Financial Statement | 85,148.69 | 86,370.90 |
| Reversal of Fair value gain on Financial Liabilities (refer note 41) | (1,344.43) | (1,222.21) |
| Closing balance | 83,804.25 | 85,148.69 |

Nature and purpose:

This reserve represents fair valuation gain on valuation of long term borrowings at amortised cost. The reserve will be utilised through unwinding of interest expense to be directly recognised over the period of borrowings. (Refer Note 44).

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 12: Financial Liabilities

(a) Non-current borrowings

| Particulars | Coupon/ Interest rate | As at 31st March, 2022 | As at 31st March, 2021 |
|--|-----------------------|---------------------------|---------------------------|
| Secured | | | |
| Term Loans | | | |
| Foreign Currency Loan - From banks (refer note B below) | 6 Months LIBOR +4.15% | 502.04 | 487.39 |
| From others | | - | - |
| 9,75,000, 11.50% Non-Convertible Redeemable Cumulative Preference Shares {refer note A below & Note 29(c)} | 11.50% | 5451.43 | 5,451.43 |
| Unsecured | | | |
| Inter-Corporate Borrowings (refer note 41 & C below) | 0% | 14,788.69 | 13,444.26 |
| Total non-current borrowings | | 20,742.16 | 19,383.08 |
| Less: Current maturities of Non Current Borrowings (included in note 12(d)) | | 502.04 | 487.39 |
| Less: Liability for Redeemable Preference Share (included in note 12(d)) | | 5,451.43 | 5,451.43 |
| Less: Interest accrued (included in note 12(c)) | | - | - |
| Non-current borrowings | | 14,788.69 | 13,444.26 |

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

(i) Non-Convertible Redeemable Preference Shares were redeemable in 8 equal quarterly installments commencing from 5th June, 2018 and the last installment payable was on 5th March, 2020 which has been on default as on the date of approval of these Standalone Financial Statements.

The Company had executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 6,331,487 equity shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.[Also refer note 29(b)].

B. External Commercial Borrowing from ICICI Bank Limited

(ii) Terms of repayment:

Loan having a balance outstanding of USD 6.60 lakhs, the last instalment was due on 23rd December, 2018 which is in default as till the date of approval of these Standalone Financial Statements.

(iii) Security details

Refer Note 35 for details of assets charged as security against these borrowings.

| Details of loan | Nature of Security |
|--|---|
| External Commercial Borrowings from ICICI Bank Limited | First Charge by way of hypothecation on movable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility. |

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank Limited for the year ended 31st March, 2022 is Rs.80.32 Lakhs and 31st March, 2021 is Rs. 77.98 Lakhs.(Also refer to Note 46 to the Standalone Financial Statements).

C. Inter-Corporate Borrowings

The amount of interest expense not provided in the books of account on the above Inter-Corporate Borrowings in Note 12(a) for the financial year ended 31st March, 2019 is Rs.9216.88 Lakhs. The same still remains unprovided. (Also refer to Note 46 to the Standalone Financial Statements).

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Details of default during the year in respect of Non-current Borrowings (including current maturities of long term debts shown under Note No.12(c)) are as under:

| Name of the Shareholder/Lender | Amount of Default | Remarks |
|--|-------------------|---|
| Various Preference Shareholders | 5,899.93 | Amount of default persisting as on the date of approval of these Standalone Financial Statements |
| ICICI Bank (Secured Long term borrowing (ECB)) | 502.04 | |

The Company has been under CIRP and the lenders have lodged claim to Interim Resolution Professional as more described in Note 42 to the Standalone Financial Statements.

12(b) Current borrowings

| Particulars | Coupon/ Interest rate | As at 31st March, 2022 | As at 31st March, 2021 |
|--|-----------------------|---------------------------|---------------------------|
| Loans repayable on demand | | | |
| Secured | | | |
| From banks | | | |
| Cash credit from banks | 12.05% to 18.75% | 1,84,665.46 | 1,82,967.97 |
| Working capital demand loans from banks | 12.5% to 13.50% | 16,076.30 | 16,076.30 |
| Unsecured | | | |
| Deposit (Inter Corporate) - From others | 15% to 18% | 1,905.00 | 1,735.00 |
| Total current borrowings | | 2,02,646.75 | 2,00,779.27 |
| Less: Interest accrued (included in note 12(c)) | | - | - |
| Current borrowings | | 2,02,646.75 | 2,00,779.27 |

| (i) Details of loans | Nature of Security |
|---|--|
| Cash credit facility from consortium of banks and Working capital demand loans from banks | <p>A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills Receivables including Receivables from hire purchase/leasing, book debts and other movable assets, both present and future.</p> <p>A first pari passu charge in favour of the said Banks by way of third party charge on the movable and fixed assets of the Kumardhubi Division owned by McNally Sayaji Engineering Company Limited, (a Subsidiary Company).</p> <p>A Corporate Guarantee from McNally Sayaji Engineering Company Limited in favour of the BOI Consortium equivalent to the value of the property mortgaged by McNally Bharat Engineering Company Limited. Charge on fixed assets on subservient basis except ICICI to the extent of term loan.</p> <p>The Working Capital Demand Loans have been guaranteed by one of the directors to the tune of Rs. 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private Limited held by the subsidiary Company, McNally Sayaji Engineering Limited are pledged for Working Capital Demand Loans.</p> |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

(ii) Details of default are as follow:

| Name of the lender | Amount of Default | Remarks |
|---|--------------------|--|
| | Principle | |
| Indian Bank (Formerly know as Allahabad Bank) - Cash Credit | 8,471.50 | Amount of default persisting as on the date of approval of these Standalone Financial Statements |
| Axis Bank Limited - Cash Credit | 20,449.79 | |
| Bank of Baroda - Cash Credit | 4,165.21 | |
| Bank of India - Cash Credit | 44,844.87 | |
| Canara Bank - Cash Credit | 2,385.85 | |
| DCB Bank- Cash Credit | 292.11 | |
| ICICI Bank - Cash Credit | 18,405.66 | |
| IDBI Bank - Cash Credit | 17,262.94 | |
| Karur Vysya Bank - Cash Credit | 8,596.24 | |
| Lakshmi Vilas Bank - Cash Credit | 96.06 | |
| Punjab National Bank (Formerly know Oriental Bank of Commerce Bank) - Cash Credit | 1,077.08 | |
| Punjab National Bank - Cash Credit | 14,966.19 | |
| Standard Chartered Bank- Cash Credit | 2,571.24 | |
| State Bank Of India - Cash Credit | 25,468.29 | |
| UCO Bank - Cash Credit | 485.69 | |
| Union Bank - Cash Credit | 15,073.17 | |
| Punjab National Bank (Formerly know United Bank of India) - Cash Credit | 53.54 | |
| Cash Credit Total Default | 1,84,665.46 | |
| Axis Bank Limited - Working Capital Demand Loan | 12,660.40 | |
| Standard Chartered Bank- Working Capital Demand Loan | 3,415.90 | |
| Working Capital Demand Loan Total Default | 16076.30 | |
| Inter-Corporate Borrowings Total Default | 1905.00 | |

The amount of interest expense not provided on Current Bank Borrowings and Inter-Corporate Borrowings for the year ended 31st March 2022 is Rs.32,117.65 Lakhs and Rs. 262.00 Lakhs and (31st March, 2021 is Rs. 31,546.61 Lakhs and Rs. 190.80 Lakhs) respectively.

12(c) Lease Obligation

| Particulars | As at 31st March, 2022 | | As at 31st March , 2021 | |
|------------------|------------------------|--------------|-------------------------|---------|
| | Non-current | Current | Non-current | Current |
| Lease Obligation | 88.88 | 87.60 | 2,270.27 | |
| | 88.88 | 87.60 | 2,270.27 | - |

12(d) Other financial liabilities

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|------------------------|------------------------|
| Current | | |
| Current maturities of long-term debt | 502.04 | 487.39 |
| Creditors for Preference share | 5,451.43 | 5,451.43 |
| Interest accrued on borrowings and others | 4,476.15 | 4,476.15 |
| Employee Benefits payable | 925.03 | 1,170.19 |
| Security deposits | 90.29 | 90.29 |
| Dividend Accrued on Preference Shares | 448.50 | 448.50 |
| Others | 89.14 | 234.03 |
| Total other current financial liabilities | 11,982.58 | 12,357.98 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

12(e) Trade payables

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Trade payables due to micro, small and medium enterprises (Refer note 30) | 193.96 | 195.64 |
| Trade payables other than micro enterprises and small enterprises | 21,551.40 | 22,387.35 |
| Total Trade Payables | 21,745.36 | 22,582.99 |

Trade payables Ageing Schedule as at 31st March, 2022

| Particulars | A Outstanding for following periods from due date of payment | | | | | |
|------------------------|--|---------------------|-----------|-----------|----------------------|-----------|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| MSME | - | 43.56 | 10.62 | 16.25 | 85.49 | 155.92 |
| Others | - | 4,819.64 | 2,086.82 | 2,728.28 | 11,440.38 | 21,075.12 |
| Disputed Dues - MSME | - | 10.82 | 7.45 | 4.08 | 15.69 | 38.04 |
| Disputed Dues - Others | - | - | 5.73 | 8.23 | 462.32 | 476.28 |

Trade payables Ageing Schedule as at 31st March, 2021

| Particulars | A Outstanding for following periods from due date of payment | | | | | |
|------------------------|--|---------------------|-----------|-----------|----------------------|-----------|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| MSME | - | 54.22 | 18.48 | 67.50 | 17.40 | 157.60 |
| Others | - | 7,304.74 | 3,211.20 | 4,583.85 | 6,811.29 | 21,911.08 |
| Disputed Dues - MSME | - | 18.27 | 4.08 | - | 15.69 | 38.04 |
| Disputed Dues - Others | - | 5.73 | 8.23 | - | 462.32 | 476.28 |

Note 13: Provisions

| Particulars | As at 31st March, 2022 | | | As at 31st March, 2021 | | |
|-----------------------------|------------------------|---------------|---------------|------------------------|---------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Employee benefits | | | | | | |
| - Gratuity | 3.04 | 24.98 | 28.02 | 5.62 | 64.77 | 70.39 |
| - Others | 0.61 | 178.37 | 178.97 | 11.92 | 168.65 | 180.57 |
| Decommissioning obligations | 75.30 | - | 75.30 | 75.30 | - | 75.30 |
| Total provisions | 78.95 | 203.34 | 282.30 | 92.84 | 233.42 | 326.26 |

(i) Movements in provisions

Movements in provision during the financial year, are set out below:

| Particulars | Decommissioning obligations |
|--------------------------------------|-----------------------------|
| As at April 01, 2021 | 75.30 |
| Charged/(credited) to profit or loss | |
| - unwinding of discount | - |
| As at March 31, 2022 | 75.30 |
| As at April 01, 2020 | 75.30 |
| Charged/(credited) to profit or loss | - |
| - unwinding of discount | - |
| As at March 31, 2021 | 75.30 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

(ii) Leave Obligations

At Present there is no accumulation of leave which is encashable in future year.

(iii) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|--------------|
| April 1, 2020 | 393.92 | 352.80 | 41.12 |
| Current service cost | 36.54 | - | 36.54 |
| Interest expense/income | 27.58 | 21.99 | 5.59 |
| Total amount recognised in Profit and Loss | 64.12 | 21.99 | 42.13 |
| Remeasurements | | | - |
| - Return on plan assets | - | (3.10) | 3.10 |
| - Due to financial assumptions | 3.39 | - | 3.39 |
| - Due to experience adjustments | 33.05 | - | 33.05 |
| Total amount recognised in other comprehensive income | 36.44 | (3.10) | 39.54 |
| Employer contributions | - | 52.39 | (52.39) |
| Benefit payments | (129.76) | (129.76) | - |
| March 31, 2021 | 364.72 | 294.32 | 70.39 |

| | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|----------------|
| April 1, 2021 | 364.72 | 294.32 | 70.40 |
| Current service cost | 32.34 | - | 32.34 |
| Interest expense/(income) | 25.17 | 20.10 | 5.07 |
| Total amount recognised in Profit and Loss | 57.51 | 20.10 | 37.41 |
| Remeasurements | | | - |
| - Return on plan assets | - | (5.53) | 5.53 |
| - Due to financial assumptions | (3.39) | - | (3.39) |
| - Due to experience adjustments | (44.93) | - | (44.93) |
| Total amount recognised in other comprehensive income | (48.32) | (5.53) | (42.79) |
| Employer contributions | - | 36.99 | (36.99) |
| Benefit payments | (43.11) | (43.10) | (0.01) |
| March 31, 2022 | 330.80 | 302.78 | 28.02 |

The net liability disclosed above relates to funded plan.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

The significant actuarial assumptions used were as follows:

| Particulars | March 31, 2022 | March 31, 2021 |
|--------------------------------|----------------|----------------|
| Discount rate | 7.10% | 6.90% |
| Salary escalation | 4.00% | 4.00% |
| Expected return on plan assets | 7.10% | 6.90% |
| Withdrawal rate | 1.00-8.00% | 1.00-8.00% |

The sensitivity of defined benefit obligations to changes in the weighted principal assumptions is:

| Assumption | Increase/ (decrease) | Assumption Rate | Amount of increase/ (decrease) in defined benefit obligations as at March 31, 2022 |
|---------------------|-------------------------|-----------------|---|
| Under Base Scenario | - | - | 330.80 |
| Discount rate | Increase by | 1% | 309.74 |
| Discount rate | Decrease by | 1% | 354.54 |
| Salary escalation | Increase by | 1% | 355.54 |
| Salary escalation | Decrease by | 1% | 308.60 |
| Withdrawal rate | Increase by | 1% | 335.21 |
| Withdrawal rate | Decrease by | 1% | 325.90 |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets underperform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|-------------|-------------------------|-------------------------|
| 2021-22 | NA | 29.10 |
| 2022-23 | 35.93 | 26.01 |
| 2023-24 | 23.08 | 25.92 |
| 2024-25 | 31.67 | 37.94 |
| 2025-26 | 34.85 | 21.03 |
| Thereafter | 225.33 | 2,316.00 |

The weighted average duration of the defined benefit obligation is 5.57 years (March 31, 2021 - 6.34 years). The expected contribution to the fund during the financial year 2022-23 would be Rs. 38.31 Lakhs.

(iv) Provident fund

The company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2022 and March 31, 2021.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Discount rate | 7.15% | 6.90% |
| Guaranteed interest rate | 8.10% | 8.50% |
| Expected average remaining Working life (in years) | 10.99 | 11.95 |

The company contributed Rs. 136.62 Lacs And Rs. 193.72 Lacs during the years ended March 31, 2022 and March 31, 2021, respectively, and the same has been recognised in the Statement of Profit and Loss under the head employee benefit expenses.

Risks arising from defined benefit obligations

The defined benefit obligation plan typically expose the Company to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

Note 14: Other Liabilities

| Particulars | As at 31st March , 2022 | As at 31st March , 2021 |
|--|----------------------------|----------------------------|
| Advance from customers | 4,350.68 | 4,476.77 |
| Statutory tax payables | 636.02 | 506.51 |
| Dividend Distribution Tax on preference dividend | 91.76 | 91.76 |
| Benevolent fund | 113.04 | 113.04 |
| Total other liabilities | 5,191.51 | 5,188.08 |

Note 15: Revenue from operations

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---------------------------------------|--------------------------------|--------------------------------|
| Contract Revenue & Sale of Equipments | 24,729.89 | 33,138.65 |
| Other Operating Revenue | 540.85 | 139.68 |
| Total Revenue from Operations | 25,270.74 | 33,278.33 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 16: Other Income

(a) Other Income

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Interest income | 392.42 | 215.80 |
| Interest income from financial assets measured at amortised cost | 3,420.82 | 2,114.77 |
| Unwinding of discount on security deposit | 12.50 | - |
| Dividend income from investments mandatorily measured at fair value through profit and loss | - | - |
| Interest Income on fair valuation of revenue | - | 0.00 |
| Net foreign exchange gain | - | 37.03 |
| Expected credit loss/gain on trade receivables and due from customers written back | 1,689.45 | - |
| Corporate Guarantee Commission | 147.35 | 147.35 |
| Liability no longer required written back | - | 41.05 |
| Lease liability written back | 545.28 | - |
| Profit on sale of Property, Plant and Equipment | 80.99 | - |
| Miscellaneous Income | - | 5.32 |
| Total other income | 6,288.80 | 2,561.32 |

(b) Other gains/(losses)

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss | (2.87) | 27.82 |
| Total Other Gains/(losses) | (2.87) | 27.82 |
| Total Other income and other gain / (losses) | 6,285.94 | 2,589.15 |

Note 17: Cost of materials consumed

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Raw materials at the beginning of the year | 293.00 | 526.61 |
| Add: Purchases | 418.24 | 2,268.68 |
| Less: Raw material at the end of the year | (165.82) | (293.00) |
| Total cost of raw materials consumed | 545.42 | 2,502.28 |
| Add: Consumption of bought out components | 11,461.21 | 11,106.44 |
| Total cost of materials consumed | 12,006.63 | 13,608.72 |

Note 18: Employee benefit expense

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Salaries, wages and bonus | 4,102.74 | 4,136.41 |
| Contribution to provident and other funds (Refer note 13) | 178.85 | 224.97 |
| Workmen and staff welfare expenses | 125.70 | 198.62 |
| Total Employee Benefit Expense | 4,407.30 | 4,559.99 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 19: Finance costs

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | 382.23 | 937.55 |
| Discounting on fair valuation of financial instruments on amortised cost | 4,267.64 | 3,007.70 |
| Unwinding of discount on provisions | 10.66 | 282.37 |
| Total | 4,660.53 | 4,227.62 |

Note 20: Depreciation and amortisation expense

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Depreciation of property, plant and equipment | 609.28 | 672.94 |
| Amortisation of intangible assets | 0.17 | 0.96 |
| Total depreciation and amortisation expense | 609.45 | 673.90 |

Note 21: Other expenses

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Power & Fuel | 309.79 | 455.57 |
| Rent | 226.39 | 251.69 |
| Repairs and maintenance: | | |
| Buildings | - | 0.09 |
| Plant and machinery | 0.57 | 1.23 |
| Insurance | 121.77 | 235.42 |
| Payment to Auditors [Refer Note 21(a)] | 48.70 | 52.48 |
| Director Fees | 8.60 | 8.60 |
| Rates & Taxes | 94.66 | 15.81 |
| VAT/ CST Receivables written off | 2,174.90 | - |
| Cartage & Freight | 86.99 | 105.64 |
| Bank Charges | 1,198.00 | 1,738.90 |
| Professional Services | 1,333.81 | 1,321.97 |
| Travelling | 304.60 | 347.07 |
| Duty drawback Claim written off | 30.22 | - |
| Advances to supplier written off | 119.72 | - |
| Provision for Future Foreseeable Losses in Construction Contracts | (1,199.11) | (757.51) |
| Provision for Expected Credit Loss on Trade Receivables and due from customers | - | 634.93 |
| Net foreign exchange loss | 100.81 | - |
| Miscellaneous Expenses | 806.70 | 1,108.28 |
| Total other expenses | 5,767.10 | 5,520.17 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 21(a) : Details of payments to auditors

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|-----------------------------------|--------------------------------|--------------------------------|
| Payment to auditors | | |
| Audit fee | 47.00 | 47.80 |
| For other services | 1.70 | 4.30 |
| Re-imbursement of expenses | - | 0.38 |
| Total payments to auditors | 48.70 | 52.48 |

Note 22: Income tax expenses

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| (a) Income tax expense | | |
| Current tax | | |
| Current tax on profits for the year | - | - |
| Excess provision of earlier years written back | - | - |
| Total current tax expense | - | - |
| Deferred tax | | |
| Decrease (increase) in deferred tax assets | - | - |
| (Decrease) increase in deferred tax liabilities | - | - |
| Total deferred tax expense/(benefit) | - | - |
| Total | - | - |

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

Note 23: Capital Management

Capital Management

The Company strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investors, creditors and market confidence and to sustain future developments and growth of its business. For the purpose of company's capital management, capital includes issued capital and all other equity reserves. The Company manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants. However, in view of certain adverse factors and challenges faced by the Company over past few years as explained in Note 42 to the Standalone Financial Statements, Networth of the Company has been fully eroded. The Board of Directors expect that overall financial health of the Company would improve upon submission of resolution plan by the committee of Creditors.

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with various financial covenants. The Company has been under financial stress due to external factors of the Company. EBITDA margins of the Company have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Company has not been able to comply with some of the covenants during the current as well as the previous years. The Company has persisting default in repayment of entire loans or borrowings to Banks and others lenders as on 31st March, 2022 as disclosed in Note 12(a) and 12(b) to the Standalone Financial Statements.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 24: Risk Management

The Company's activities is exposed to credit risk, liquidity risk and market risk.

The Company's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

Credit risk arises from Cash and Cash Equivalents, other bank balances, investments and other financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and due from customers.

(i) Credit Risk Management

The Company assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model. Financial Assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Company or where payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable dues.

(ii) Provision for Expected Credit Losses

The Company provides for expected credit loss of trade receivables, due from customers and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Whenever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove the effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

(a) Expected Credit Loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

| Particulars | | Assetgroup | Internal credit rating | Estimated gross carrying amount at default | Expected probability of default | Expected Credit Losses | Carrying amount net of impairment provision |
|---|--|--|------------------------|--|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month Expected Credit Losses | Financial Assets for which credit risk has not increased significantly since initial recognition | Loans | VL3 | 1,744.38 | - | - | 1,744.38 |
| | | Expenses Recoverable | VL3 | 31,533.19 | - | 3,420.82 | 28,112.37 |
| | | Security deposits and advance to employees | VL2 | 1,473.44 | - | - | 1,473.44 |
| Loss allowance measured at life-time Expected Credit Losses | Financial Assets for which credit risk has increased significantly and credit-impaired | Loans | VL6 | 1,425.12 | 100% | 1,425.12 | - |

During the year, the Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 3420.82 Lakhs.

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

| Particulars | | Internal credit rating | Due from customer | Trade Receivables |
|---|---|------------------------|-------------------|-------------------|
| Gross Carrying Amount | Loss allowance measured at life-time Expected Credit Losses | VL3 | 2,363.21 | 1,25,478.88 |
| Expected Credit Losses (Loss allowance provision) | | | - | 29,929.32 |
| Carrying amount (net of Impairment) | | | 2,363.21 | 95,549.56 |

During the year, the Company has not made provision for bad and doubtful debts for trade receivables Current year Nil (Rs. 634.92 Lakhs)

Year ended 31st March, 2021

(a) Expected Credit Loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

| Particulars | | Assetgroup | Internal credit rating | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|--|------------------------|--|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month Expected Credit Losses | Financial assets for which credit risk has not increased significantly since initial recognition | Loans | VL3 | 1,744.38 | - | - | 1,744.38 |
| | | Claims Recoverable | VL3 | 27,892.45 | - | 3,007.70 | 24,884.75 |
| | | Security deposits and advance to employees | VL2 | 1,050.21 | - | - | 1,050.21 |
| Loss allowance measured at life-time Expected Credit Losses | Financial assets for which credit risk has increased significantly and credit-impaired | Loans | VL6 | 1,425.12 | 100% | 1,425.12 | - |

During the financial year 2020-21, the Company has made provision for claim recoverable wherein it does not expect to receive future cash flows Rs. 3,007.70 Lakhs.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

| Particulars | | Internal credit rating | Due from customer | Trade Receivables |
|---|---|------------------------|-------------------|-------------------|
| Gross Carrying Amount | Loss allowance measured at life-time expected credit losses | VL3 | 288.79 | 1,36,673.88 |
| Expected Credit Losses (Loss Allowance Provision) | | | - | 31,453.59 |
| Carrying Amount (net of Impairment) | | | 288.79 | 1,05,220.29 |

During the year ended 31st March, 2021, the Company has made provision for bad and doubtful debts for trade receivables wherein it does not expect to receive future cash flows Rs.634.92 Lakhs (Rs. 19,804.68 Lakhs for the year ended 31.03.2020)

(iii) Reconciliation of Loss Allowance Provisions - loans

| Reconciliation of Loss Allowance | Loss Allowance measured at 12 month expected losses | Loss allowance measured at life-time expected losses | |
|--|---|--|--|
| | | Financial assets for which credit risk has increased significantly and not credit-impaired | Financial assets for which credit risk has increased significantly and credit-impaired |
| Loss Allowance as at 31st March, 2021 | - | - | 1,425.12 |
| Add/(Less): Changes in Loss Allowances | - | - | - |
| Loss Allowance as at 31st March, 2022 | - | - | 1,425.12 |

(iv) Reconciliation of Loss Allowance Provision - Trade Receivables & due from Customers (under simplified approach)

| Particulars | Trade Receivables | Due from customers | Total loss allowance |
|---------------------------------------|-------------------|--------------------|----------------------|
| Loss Allowance as on 31st March, 2020 | 28,684.97 | - | 28,684.97 |
| Changes in Loss Allowance | 2,768.62 | - | 2,768.62 |
| Loss Allowance as on 31st March, 2021 | 31,453.59 | - | 31,453.59 |
| Changes in Loss Allowance | (1,524.27) | - | (1,524.27) |
| Loss Allowance as on 31st March, 2022 | 29,929.32 | - | 29,929.32 |

Significant Estimates and Judgements

Impairment of Financial Assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, industry practices, existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities as below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

(i) Maturity of Financial Liability

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual cash flows, balances due within 12 months and more than 12 months.

| Contractual maturities of Financial Liabilities (31st March, 2022) | Less than 12 months | 12 months to 24 months | More than 24 months | Total |
|--|---------------------|------------------------|---------------------|--------------------|
| Non Derivatives | | | | |
| Borrowings* | 2,08,600.22 | - | 14,788.69 | 2,23,388.91 |
| Interest Accrued | 4,476.15 | - | - | 4,476.15 |
| Trade Payables | 21,745.36 | - | - | 21,745.36 |
| Employee Benefits payable | 925.03 | - | - | 925.03 |
| Lease Liability | 87.60 | 87.60 | 1.28 | 176.48 |
| Security Deposits | 90.29 | - | - | 90.29 |
| Dividend Accrued on Preference Shares | 448.50 | - | - | 448.50 |
| Others | 89.14 | - | - | 89.14 |
| Total Non Derivative Financial Liabilities | 2,36,462.29 | 87.60 | 14,789.97 | 2,51,339.86 |

*excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs.83,804.25 Lakhs

| Contractual maturities of Financial Liabilities (31st March, 2021) | Less than 12 months | 12 months to 24 months | More than 24 months | Total |
|--|---------------------|------------------------|---------------------|--------------------|
| Non Derivatives | | | | |
| Borrowings* | 2,06,568.09 | - | 13,444.26 | 2,20,012.35 |
| Interest Accrued | 4,476.15 | - | - | 4,476.15 |
| Trade Payables | 22,582.99 | - | - | 22,582.99 |
| Employee Benefits payable | 1,170.19 | - | - | 1,170.19 |
| Lease Liability | - | - | 2,270.27 | 2,270.27 |
| Security Deposits | 90.29 | - | - | 90.29 |
| Dividend Accrued on Preference Shares | 448.50 | - | - | 448.50 |
| Others | 384.03 | - | - | 384.03 |
| Total Non Derivative Financial Liabilities | 2,35,720.24 | - | 15,714.53 | 2,51,434.77 |

*excludes the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 85,148.69 Lakhs

(C) Market Risk

(i) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rupees). The risk is measured through the expected foreign currency cash flows based on the Company's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than "Rupees". The objective of the hedging is to minimize the volatility of the ₹ cash flows of such recognised assets and liabilities.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

(a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs. Lakhs is as follow:

| Particulars | As at 31st March, 2022 | | | As at 31st March, 2021 | | |
|--|------------------------|-----------------|-------------|------------------------|-----------------|-------------|
| | USD | EUR | ZAR | USD | EUR | ZAR |
| Financial Assets | | | | | | |
| Trade Receivables | - | 1,944.79 | - | - | 2,058.12 | - |
| Net Exposure to Foreign Currency Risk (Assets) | - | 1,944.79 | - | - | 2,058.12 | - |
| Financial Liabilities | | | | | | |
| Foreign Currency Loan | 502.04 | - | - | 487.39 | - | - |
| Trade Payables | 73.26 | 1,123.25 | 3.92 | 131.83 | 1,143.02 | 3.53 |
| Advance from Customers | - | 1,455.72 | - | - | 1,937.61 | - |
| Payable to Subsidiaries | - | - | - | - | - | - |
| Net Exposure to Foreign Currency Risk (Liabilities) | 575.30 | 2,578.97 | 3.92 | 619.22 | 3,080.64 | 3.53 |

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Company has committed to is NIL lakhs (31st March, 2021 USD NIL Lakhs).

(b) Sensitivity:

| Particulars | Increase/(Decrease) in profit before tax | |
|---|--|----------------|
| | March 31, 2022 | March 31, 2021 |
| USD sensitivity | | |
| INR/USD -Increase by 5% (31 March 2020-5%)* | 28.76 | 30.96 |
| INR/USD -Decrease by 5% (31 March 2020-5%)* | (28.76) | (30.96) |
| EUR sensitivity | | |
| INR/EUR-Increase by 5% (31 March 2020-5%)* | 31.71 | 51.13 |
| INR/EUR-Decrease by 5% (31 March 2020-5%)* | (31.71) | (51.13) |
| ZAR sensitivity | | |
| INR/ZAR-Increase by 5% (31 March 2020-5%)* | 0.20 | 0.18 |
| INR/ZAR- Decrease by 5% (31 March 2020-5%)* | (0.20) | (0.18) |

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from Current Borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During the year ended March 31, 2022 and March 31, 2021, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's Borrowings are carried at amortised cost. The fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at end of reporting period are as follow:

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--------------------------|--------------------|--------------------|
| Variable Rate Borrowings | 2,01,243.79 | 1,99,381.65 |
| Fixed Rate Borrowings* | 22,145.12 | 20,630.69 |
| Total borrowings | 2,23,388.91 | 2,20,012.34 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

The Company has not entered into interest rate swaps to hedge against fluctuating market interest rates.

* Including interest free ICDs of Rs.14,788.67 (31st March, 2021 Rs. 13,444.26 lakhs) arising due to conversion of amount received from certain companies into long term borrowings.

*Excluding the amount of fair value gain recognised, under Other Reserves, on Financial Liabilities Rs. 83,804.25 Lakhs (31st March, 2021, Rs. 85,148.70 Lakhs).

(b)Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | Increase/(Decrease) in profit before tax | |
|---|--|------------------|
| | 31st March, 2022 | 31st March, 2021 |
| Interest rates increase by 50 basis points (50 bps) * | (3.54) | (3.54) |
| Interest rates decrease by 50 basispoints (50 bps) * | 3.54 | 3.54 |

* Holding all other variables constant

However, the Company has not recognised interest expense during the financial year ended 31st March, 2022. (Refer Note 46)

Note 25: Fair Value Measurements

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2022 and 31st March, 2021.

| Particulars | 31st March, 2022 | | | 31st March, 2021 | | |
|---------------------------------------|------------------|----------|--------------------|------------------|----------|--------------------|
| | FVTPL | FVOCI | Amortised Cost | FVTPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Investments | | | | | | |
| - Equity Instruments* | 39.22 | - | - | 31.69 | - | - |
| - Mutual Funds | 78.62 | - | - | 89.02 | - | - |
| Trade Receivables | - | - | 95,549.56 | - | - | 1,05,220.29 |
| Loans | - | - | 1,744.38 | - | - | 1,744.38 |
| Cash and Cash Equivalents | - | - | 2,412.41 | - | - | 2,722.85 |
| Other Bank balances | - | - | - | - | - | 58.24 |
| Advance to employees | | | 3.17 | | | 55.18 |
| Security Deposits | - | - | 5,619.37 | - | - | 1,697.21 |
| Due from Customers | - | - | 2,363.21 | - | - | 288.79 |
| Deposit with Bank | - | - | 14.58 | | | - |
| Claims Recoverable | - | - | 28,112.37 | - | - | 24,884.75 |
| Total Financial Assets | 117.84 | - | 1,35,819.05 | 120.70 | - | 1,36,671.68 |
| Financial Liabilities | | | | | | |
| Borrowings** | - | - | 2,23,388.91 | - | - | 2,20,162.34 |
| Interest Accrued | - | - | 4,476.15 | - | - | 4,476.15 |
| Trade Payables | - | - | 21,745.36 | - | - | 22,582.99 |
| Employee Benefits payable | - | - | 925.03 | - | - | 1,170.19 |
| Lease Liability | - | - | 176.48 | - | - | 2,270.27 |
| Security Deposits | - | - | 90.29 | - | - | 90.29 |
| Dividend Accrued on Preference Shares | - | - | 448.50 | - | - | 448.50 |
| Others | - | - | 89.14 | - | - | 234.03 |
| Total Financial Liabilities | - | - | 2,51,339.86 | - | - | 2,51,434.77 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

*excludes the amount of carrying value in subsidiaries at cost less impairment Rs. 20,641.55 Lakhs (31st March, 2021: 20,641.55 Lakhs)

**excludes the amount of fair value gain recognised under other reserves on Financial Liabilities Rs.83,804.25 Lakhs (31st March, 2021: 85,148.70 Lakhs)

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the Financial Instruments. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its Financial Instruments into the three levels prescribed under the Indian Accounting Standards. An explanation of each level follows underneath the table.

| Financial Assets and Liabilities measured at fair value - recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|--------------|---------|---------------|
| As at 31st March, 2022 | | | | |
| Financial Assets | | | | |
| <i>Financial instruments at FVPL</i> | | | | |
| Listed Equity Investments | 39.22 | - | - | 39.22 |
| Mutual Funds | - | 78.62 | - | 78.62 |
| Total Financial Assets | 39.22 | 78.62 | - | 117.84 |
| Financial Liabilities | | | | |
| <i>Derivatives not designated as hedges</i> | | | | |
| Foreign exchange forward contract | - | - | - | - |
| Total Financial Liabilities | - | - | - | - |

| Financial Assets and Liabilities measured at fair value - recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|--------------|---------|---------------|
| As at 31st March, 2021 | | | | |
| Financial Assets | | | | |
| <i>Financial Instruments at FVTPL</i> | | | | |
| Listed Equity Investments | 31.69 | - | - | 31.69 |
| Mutual Funds | - | 89.02 | - | 89.02 |
| Total Financial Assets | 31.69 | 89.02 | - | 120.70 |

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value."

(ii) Valuation technique used to determine Fair Value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date

(iii) Fair value of the Financial Assets and Liabilities measured at Amortised Cost

| Particulars | 31st March, 2022 | | 31st March, 2021 | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | | | | |
| Security Deposits | 5,619.37 | 5,619.37 | 1,697.21 | 1,697.21 |
| Due from Customers | 2,363.21 | 2,363.21 | 288.79 | 288.79 |
| Trade Receivables | 95,549.56 | 95,549.56 | 1,05,220.29 | 1,05,220.29 |
| Expenses Recoverable | 28,112.37 | 28,112.37 | 24,884.75 | 24,884.75 |
| Loans | 1,744.38 | 1,744.38 | 1,744.38 | 1,744.38 |
| Cash and Cash Equivalents | 2,412.41 | 2,412.41 | 2,722.85 | 2,722.85 |
| Other Bank balances | - | - | 58.24 | 58.24 |
| Advance to Employees | 3.17 | 3.17 | 55.18 | 55.18 |
| Total Financial Assets | 1,35,804.48 | 1,35,804.48 | 1,36,671.68 | 1,36,671.68 |
| Financial Liabilities | | | | |
| Borrowings | 2,23,388.91 | 2,23,388.91 | 2,20,162.34 | 2,20,162.34 |
| Interest Accrued | 4,476.15 | 4,476.15 | 4,476.15 | 4,476.15 |
| Trade Payables | 21,745.36 | 21,745.36 | 22,582.99 | 22,582.99 |
| Employee Benefits payable | 925.03 | 925.03 | 1,170.19 | 1,170.19 |
| Lease Liability | 176.48 | 176.48 | 2,270.27 | 2,270.27 |
| Security Deposits | 90.29 | 90.29 | 90.29 | 90.29 |
| Dividend Accrued on Preference Shares | 448.50 | 448.50 | 448.50 | 448.50 |
| Others | 89.14 | 89.14 | 234.03 | 234.03 |
| Total Financial Liabilities | 2,51,339.86 | 2,51,339.85 | 2,51,434.77 | 2,51,434.77 |

Trade Receivables, advances to suppliers and expenses recoverable are subject to confirmation, reconciliation and settlement of certain disputes from respective parties and consequential reconciliation and adjustments arising therefrom, if any. The management, however, does not expect any material variation. Management is also hopeful for recovery/realisation of these assets in the normal course of business. Hence, in view of the management, short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Initial recognition of financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 26: Related Party Disclosures

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

- (i) McNally Sayaji Engineering Limited (MSEL)
- (ii) McNally Bharat Equipments Limited (MBEL)
- (iii) MBE Mineral Technologies Pte Limited
- (iv) MBE Minerals Zambia Limited
- (v) McNally Bharat Engineering (SA) Proprietary Limited

(b) Joint Venture (MBECL is Lead Partner for participating in tenders)

- (i) EMC MBE Contracting Company LLC
- (ii) McNally- Trolex
- (iii) McNally- AML
- (iv) McNally- Trolex- Kilburn

(d) Subsidiary of McNally Sayaji Engineering Limited

- (i) MBE Coal & Minerals Technology India Private Limited

(e) Post employment benefit plan of the Company

- (i) McNally Bharat Executive Staff Gratuity Fund
- (ii) McNally Bharat Employees Provident Fund

(f) Key Managerial Personnel

- (i) Mr. Aditya Khaitan - Chairman
- (ii) Mr. Srinivash Singh - Managing Director
- (iii) Mr. Brij Mohan Soni - Chief Financial Officer
- (iv) Mr. Rahul Banerjee- Company Secretary (Resigned w.e.f 22-10-2021)
- (v) Mrs Indrani Roy- Company Secretary (Appointed w.e.f 7-12-2021)
- (vi) Ms. Arundhati Dhar - Independent Director
- (vii) Mr. A.K Barman - Independent Director
- (viii) Mr. Nilotpal Roy- Independent Director
- (ix) Ms. Kasturi Roychoudhury - Independent Director

The following transactions were carried out with Related Parties in the ordinary course of business:

| Description | MBE Coal & Mineral Technology India Private Limited | McNally Sayaji Engineering Limited | McNally- Trolex | McNally- AML | McNally- Trolex- Kilburn |
|--|---|------------------------------------|-----------------|----------------------|--------------------------|
| Purchase of Materials , components and Services received | 95.12 (297.34) | 65.00 (450.28) | - - | - - | - - |
| Sale of Goods/fixed assets | - - | 1.00 (896.53) | 2,532.99 - | 2,689.48 (529.88) | 2,232.38 - |
| Rendering of services | 3.76 (150.85) | - (308.19) | - - | - - | - - |
| Reimbursement of Expenses Paid | - (9.17) | 17.97 (31.31) | - (0.13) | - (0.13) | - (0.13) |
| Reimbursement of Expenses Received | - - | - (2.02) | 0.54 - | - - | - - |
| Rent received | - - | 30.00 (21.81) | - (0.82) | 1.70 (0.54) | 1.70 (0.82) |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

| Description | MBE Coal & Mineral Technology India Private Limited | McNally Sayaji Engineering Limited | McNally-Troxex | McNally-AML | McNally-Troxex-Kilburn |
|-------------|---|------------------------------------|----------------|-------------|------------------------|
| Rent paid | - | 48.00 | - | - | - |
| | - | (48.00) | - | - | - |

Brackets indicate figures for previous year

Balances Outstanding as at 31st March

| Description | MBE Coal & Mineral Technology India Pvt.Ltd | MBE Mineral Technologies Pte Ltd. | McNally Sayaji Engineering Limited | McNally Bharat Equipments Limited | MBE Minerals Zambia Limited | McNally Bharat Engg. (S.A.) Proprietary Ltd. |
|--|---|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------|--|
| Investment at the year end | - | 2,550.74 | 17,923.73 | 9.94 | 4.69 | 0.13 |
| | - | (2,550.74) | (17,923.73) | (9.94) | (4.69) | (0.13) |
| Investment at the year end | - | 2,550.74 | - | - | 4.69 | 0.13 |
| | - | (2,550.74) | - | - | (4.69) | (0.13) |
| Provision for impairment in value of investments | - | - | 5,950.00 | - | - | - |
| | - | - | (5,950.00) | - | - | - |
| Guarantees received | 3,000.00 | - | 5,000.00 | - | - | - |
| | (2,850.00) | - | (5,000.00) | - | - | - |
| Guarantees given | - | - | 204.42 | - | - | 3.92 |
| | (120.86) | - | - | - | - | (3.53) |
| Outstanding payables | 298.68 | - | 3,289.69 | 2.05 | 1,385.04 | 40.08 |
| | (396.32) | - | (3,125.69) | (2.05) | (1,385.04) | (40.08) |
| Outstanding Receivables/Loans | - | - | - | - | 1,385.04 | 40.08 |
| | - | - | - | - | (1,385.04) | (40.08) |
| Allowance for doubtful receivables | | | | | | |

Balances Outstanding of Joint Ventures

| Description | EMC MBE Contracting Co LLC | McNally- Trolex | McNally- AML | McNally- Trolex-Kilburn |
|--|----------------------------|-----------------|--------------|-------------------------|
| Investment at the year end | 152.31 | - | - | - |
| | (152.31) | - | - | - |
| Provision for impairment in value of investments | 152.31 | - | - | - |
| | (152.31) | - | - | - |
| Outstanding Receivables/Loans | 67.06 | 0.40 | 2.37 | 2.65 |
| | (67.06) | - | 625.66 | - |
| Allowance for doubtful receivables | 67.06 | - | - | - |
| | (67.06) | - | - | - |
| Security Deposit/Rent Receivables | - | 625.97 | 2,749.16 | 773.96 |
| | - | 200.82 | 300.54 | 200.82 |

Brackets indicate figures for previous year

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

| Transactions with Key Managerial Personnel | 2021-22 | | | 2020-21 | | |
|--|--------------|--------------|--|--------------|--------------|--|
| | Remuneration | Sitting fees | Outstanding Balance payable as at year end | Remuneration | Sitting fees | Outstanding Balance payable as at year end |
| Mr. Srinivash Singh | 201.84 | - | 11.75 | 182.60 | - | 11.87 |
| Mr. Brij Mohan Soni | 64.17 | - | 3.93 | 39.67 | - | 5.26 |
| Mr. Manoj Kumar Digga | - | - | - | 43.90 | - | - |
| Mr. Indrani Ray | 12.69 | - | 2.43 | - | - | - |
| Mr. Rahul Banerjee | 6.46 | - | - | 10.74 | - | 0.96 |
| Mr. Aditya Khaitan | - | 1.80 | 0.40 | - | 1.00 | - |
| Ms. Arundhati Dhar | - | 3.40 | 1.40 | - | 2.00 | - |
| Mr. A.K Barman | - | 3.40 | 1.40 | - | 2.00 | - |
| Mr. Nilotpal Roy | - | 1.60 | 0.60 | - | 0.80 | - |
| Ms. Kasturi Roy Choudhury | - | 1.60 | 0.60 | - | 1.00 | - |
| Mr. Saroj Kant Singh (Relative to KMP) | 26.98 | - | 1.68 | 22.85 | - | 1.68 |

| Remuneration includes | 2021-22 | | 2020-21 | |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
| | Short term employee benefits | Post employment benefits | Short term employee benefits | Post employment benefits |
| Mr. Srinivash Singh | 201.84 | - | 182.60 | - |
| Mr. Brij Mohan Soni | 60.92 | 3.25 | 37.83 | 1.84 |
| Mr. Manoj Kumar Digga | - | - | 41.05 | 2.86 |
| Mr. Rahul Banerjee | 6.15 | 0.31 | 10.19 | 0.55 |
| Mr. Indrani Ray | 12.12 | 0.57 | - | - |
| Mr. Saroj Kant Singh (Relative to KMP) | 25.72 | 1.26 | 22.85 | 1.24 |

This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.

Details of contribution to post employment benefit plans

| Remuneration includes | 2021-22 | 2020-21 |
|--|---------|---------|
| McNally Bharat Executive Staff Gratuity Fund | 36.98 | 52.39 |
| McNally Bharat Employees Provident Fund* | 136.62 | 171.99 |

*Considered only Employer Contribution

Note 27: Capital Commitments

There is no capital commitment as at Balance sheet date.

Note 28: Lease

The Company has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets are charged as rent to the Standalone Statement of Profit and Loss.

| Particulars | 2021-22 | 2020-21 |
|---|---------------|-----------------|
| Depreciation Recognized | 143.70 | 148.28 |
| Interest on Lease Liabilities | 229.21 | 275.04 |
| Expenses related to Short Term Leases & of low value assets | 226.39 | 251.69 |
| Total Cash outflow for Leases | 469.16 | 551.50 |
| Addition to Right of Use Assets during the year | 194.94 | - |
| Deletion from Right of Use Assets during the year | (1,729.87) | - |
| Net Carrying amount of Right of Use at the end of the year | 162.45 | 1,841.08 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

Note 29: Contingent Liabilities

a.The details of Contingent Liabilities are as under:

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|----------------------------------|---------------------------|
| Claims against the company not acknowledged as debt* | 48,242.62 | 45,031.46 |
| Other money for which the Company is contingently liable: | | |
| Indirect Tax matters relating to Excise Duty, Service Tax ,CentralSales Tax , Value added Tax and Goods and Service Tax | 42,298.77 | 41,306.33 |
| Income Tax matter pending | 7,890.28 | 4,776.10 |
| Corporate guarantees given in favour of subsidiary companies* | 8,000.00 | 7,850.00 |
| Bank Gurantees issued by company-Performance , Security and Earnest Money deposit | 34,852.79 | 46,242.51 |
| Liquidated damages relating to contract sales | Amount not readily ascertainable | |

* In earlier years, the Company had entered into a put option agreement with EIG(Mauritius) Limited, who invested in one of its subsidiary companies. In order to exercise the put option, the Investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore. The Arbitrator issued a dissenting opinion requiring the company to pay damages amounting to Rs 21,102.69 Lacs (including interest) and legal cost. Thereafter Corporate Insolvency Resolution Process "CIRP" has been initiated against the Company. Hence, EIG(Mauritius) Limited has lodged claim to IRP/RP on 17th May 2022.

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 till the conclusion of CIRP. Therefore, no impact has been considered in the Financial Statements as of now .(Refer Note 43)

Details of Corporate Guarantees given covered under Section 186(4) of the Companies Act, 2013:-

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| MBE Coal & Mineral India Private Limited (Banking Facility) | 3,000.00 | 2,850.00 |
| McNally Sayaji Engineering Limited(ECB & Rupee Term Loan) | 5,000.00 | 5,000.00 |
| Total | 8,000.00 | 7,850.00 |

b.Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Company has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of Rs. 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Company. The Arbitrator has issued interim directions to deposit an amount of Rs 2,831.63 Lakhs in Specifically designated Escrow Account or alternatively furnish an unconditional and irrevocable bank guarantee of such amount. The order also restrained an Injunction of any dealing of share of McNally Sayaji Engineering Limited which is pledged against the loan. Further, the Company submitted an affidavit, the details of all its assets , properties (Movable or immovable) which is restrained for any dealing , transfer and disposing the assets. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC. Further, TCFSL had filed an application with ("the NCLAT).

c. The Director General of GST Intelligence (DGGI) Kolkata had conducted investigation in 2019-20 at the Corporate Office of the Company and denied Input Tax Credit of Rs. 945.04 Lakhs and also denied Input tax Credit of Rs 200 Lacks in 2020-21 availed by the Company. Pending adjudication of the matter, the Company has included the Input Tax Credit in Note 10(b) under Balance with Statutory/Government authorities.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

It is not practicable to estimate the timing of cash outflows if any, in respect of the above matters pending resolution of the arbitration/appellate proceedings.

Note 30: Dues to Micro, Small & Medium Enterprises

The amount due to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|------------------|------------------|
| Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end | 193.96 | 195.64 |
| Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end | 120.64 | 90.73 |
| Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year | 67.59 | 502.02 |
| Total interest accrued and remaining unpaid at the end of each accounting year | - | - |
| Amount of further interest remaining due and payable even in the succeeding years | - | - |

Note 31: Excess Remuneration paid to Key Managerial Personnel

The Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to Rs141.84 (Previous Year Rs. 98.60 Lakhs) for the year.

Note 32: Disclosure for Construction Contracts

The details as required in respect of construction contracts under Ind AS 115-Revenue from Contracts with Customers are as under:

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|---------------------|---------------------|
| Contract costs incurred | 18,33,195.82 | 18,06,627.82 |
| Add : Recognised profit net of recognised (losses) | (44,979.37) | (34,531.08) |
| Contract Revenues* | 17,88,216.45 | 17,72,096.74 |
| Progress Billing | 16,81,033.40 | 16,65,359.36 |
| Unbilled Revenue | 5,959.05 | 5,513.39 |
| Due from Customers | 5,959.05 | 5,513.39 |
| Less: Allowance for doubtful amount | 2,586.53 | 3,016.17 |
| Less: Provision for future foreseeable losses | 1,009.31 | 2,208.42 |
| Net Due from Customers | 2,363.22 | 288.79 |
| Due to Customers | - | - |
| Add: Provision for future foreseeable losses | - | - |
| Net Due to Customers | - | - |
| Advance payments received | (636.02) | (4,476.77) |
| Retention amount | 29,348.04 | 30,314.72 |
| Provision for future foreseeable losses recognised | 1,009.31 | 2,208.42 |

Refer Note 24(A)(ii) for Loss Allowances on Trade Receivables

Sale of equipments and contract revenue in respect of construction contracts as reported in this accounts is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

losses based on estimates of future costs of all on going projects made by the engineers of the Company and such estimates are verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

Note 33: Earnings Per Share

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|------------------|------------------|
| (a) Basic Earnings Per Share | | |
| Profits/(Losses) attributable to the Equity Holders of the Company | (7,714.23) | (5,003.58) |
| Total Basic Earnings Per Share attributable to the Equity Holders of the Company | (3.65) | (2.36) |
| (b) Diluted Earnings Per Share | | |
| Profits/(Losses) attributable to the equity holders of the company | (7,714.23) | (5,003.58) |
| Total Diluted Earnings Per Share attributable to the Equity Holders of the Company | (3.65) | (2.36) |

(c) Weighted average numbers of shares used as denominator

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|------------------|------------------|
| | Number of Shares | |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 21,15,70,757 | 21,15,70,757 |
| Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share | 21,15,70,757 | 21,15,70,757 |

Note 34: Segment information

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.

The Company has earned its substantial revenue from India during the Financial Year 2021 -22 & 2020-21.

Note 35: Assets pledged as Security

The carrying amounts of assets pledged as Security for Current and Non-current Borrowings are:

| Particulars | Notes | March 31, 2022 | March 31, 2021 |
|--|-------|--------------------|--------------------|
| Current | | | |
| Financial Assets | | | |
| Trade Receivables | 6(a) | 95,549.56 | 1,05,220.29 |
| Cash and Cash Equivalents | 6(b) | 2,412.41 | 2,722.85 |
| Bank balances other than Cash and Cash Equivalents | 6(b) | - | 58.24 |
| Other Financial Assets | 6(d) | 36,098.11 | 26,923.82 |
| Loans | 6(c) | 1,744.38 | 1,744.38 |
| Non-Financial Assets | | | |
| Inventories | 9 | 165.82 | 293.00 |
| Other Current Assets | 10(a) | 45,883.52 | 48,452.37 |
| Total Current Assets pledged as security | | 1,81,853.81 | 1,85,414.95 |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

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

| | | | |
|--|------|--------------------|--------------------|
| Non-current | | | |
| Property, Plant and Equipment | 3 | 2,002.15 | 2,635.69 |
| Capital work in progress | 3 | 462.62 | 462.62 |
| Other Financial Assets | 6(d) | 14.58 | 2.12 |
| Investments | 5 | 18,051.51 | 18,054.36 |
| Total non-currents assets pledged as security | | 20,530.86 | 21,154.78 |
| Total assets pledged as security | | 2,02,384.67 | 2,06,569.73 |

Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Investments in Mutual Funds relating to Rs. 78.62 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid in earlier year, however lien against the investment pledged has not been satisfied till date.

The Company has pledged its Investment to the extent of 1,600,000 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by the Company.

The Company has pledged its Investment to the extent of 2,337,211 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by its Subsidiary Company namely McNally Sayaji Engineering Limited from ICICI Bank Limited . (Refer Note 49).

The Company has executed a non-disposal undertaking and a first ranking pledge agreement over 6,331,487 Equity Shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

Note 36: Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2022

| SL.No | Particulars | Numerator | Denominator | Numerator | Denominator | 31-Mar-22 | Numerator | Denominator | 31-Mar-21 | Variation (in%) | Reasons (If Variance is more than 25%) |
|-------|---------------------------------|---|--------------------------------------|-------------|-------------|-----------|-------------|-------------|-----------|-----------------|--|
| 1 | Current Ratio | Current Assets | Current Liability | 1,82,727.23 | 2,41,732.75 | 0.76 | 1,89,578.40 | 2,41,001.16 | 0.79 | (3.91) | - |
| 2 | Debt - Equity Ratio | Total Debts (Including Lease liability) | Shareholder's Equity (Including OCI) | 2,28,490.04 | (1,639.37) | (139.38) | 2,27,357.27 | 7,380.90 | 30.80 | (552.47) | During the year company has operating loss of Rs 7,714 Lakhs, which has reduced the Shareholder's fund thereby reducing the ratio. |
| 3 | Debt Service Coverage Ratio | Earning available for debt service | Debt Service | (7,185.81) | 2,28,490.04 | (0.03) | (4,329.68) | 2,27,357.27 | (0.02) | 65.14 | During the year company has operating Loss of Rs 7,714 Lakhs by the company. Also the Company has no sufficient earnings to serve the debts. |
| 4 | Return on Equity Ratio | Net Profit after Tax (including OCI) | Average Share Holder Fund | (7,671.44) | 2,870.76 | (2.67) | (4,985.83) | 10,482.73 | (0.48) | 461.85 | Due to higher operating losses during the current year in comparison to the corresponding previous year. |
| 5 | Inventory Turnover Ratio | Sales | Avg Inventory | 25,189.70 | 229.41 | 109.80 | 33,278.33 | 409.93 | 81.18 | 35.26 | Decrease in sales value and inventory holding has resulted in higher ratio. |
| 6 | Trade Receivable turnover Ratio | Sales | Average Trade Receivables | 25,189.70 | 1,00,384.93 | 0.25 | 33,278.33 | 1,21,876.19 | 0.27 | (8.10) | - |

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

| SL.No | Particulars | Numerator | Denominator | Numerator | Denominator | 31-Mar-22 | Numerator | Denominator | 31-Mar-21 | Variation (in%) | Reasons (If Variance is more than 25%) |
|-------|------------------------------|--|-----------------------|------------|-------------|-----------|------------|-------------|-----------|-----------------|--|
| 7 | Trade payable turnover Ratio | Purchase of Goods and Service | Average Trade Payable | 11,879.45 | 22,164.17 | 0.54 | 13,375.11 | 22,608.12 | 0.59 | (9.40) | - |
| 8 | Net capital turnover Ratio | Sales | Working Capital | 25,189.70 | (59,005.52) | (0.43) | 35,839.66 | (51,422.76) | (0.70) | (38.75) | Due to decrease in Sales as compare from previous year. |
| 9 | Net profit Ratio | Net Profit (Including OCI) | Sales | (7,671.44) | 25,189.70 | (0.30) | (4,985.83) | 35,839.66 | (0.14) | 118.92 | Due to higher operating losses during the current year in comparison to the corresponding previous year. |
| 10 | Return on Capital Employed | Earning before interest and taxes (EBIT) | Capital Employed | (7,714.23) | 2,26,850.67 | (0.03) | (5,003.58) | 2,34,738.17 | (0.02) | 59.53 | Due to higher operating losses during the current year in comparison to the corresponding previous year. |
| 11 | Return on Investment | Return on Investment | Total Investment | (2.87) | 18,054.36 | (0.00) | 27.82 | 18,026.55 | 0.00 | (110.29) | Due to Reduction in Market value of Investment as compared from previous year. |

Earning available for debt service Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss/Profit on sale of Fixed assets etc.

Debt Service Interest & Lease Payments + Principal Repayments.

Capital Employed Tangible Net Worth + Total Debt + Deferred Tax Liability
Tangible Net Worth = Total Assets-Intangible Assets -Total Liability

Note 37: Current Assets/Liabilities recoverable/payable within and beyond 12 months

| Particulars | 31st March, 2022 | | | 31st March, 2021 | | |
|-----------------------------|------------------|------------------|-------------|------------------|------------------|-------------|
| | Within 12 months | Beyond 12 months | Total | Within 12 months | Beyond 12 months | Total |
| Trade Receivables | 95,549.56 | - | 95,549.56 | 1,05,220.30 | - | 1,05,220.30 |
| Other Financial Assets | 36,098.11 | 14.58 | 36,112.69 | 26,923.82 | 2.12 | 26,925.93 |
| Other Current Assets | 45,883.52 | - | 45,883.52 | 48,452.37 | 1.83 | 48,454.21 |
| Borrowings | 2,08,600.22 | 14,788.69 | 2,23,388.91 | 2,06,718.08 | 13,444.26 | 2,20,162.34 |
| Lease Liability | 87.60 | 88.88 | 176.48 | - | 2,270.27 | 2,270.27 |
| Trade Payables | 21,745.36 | - | 21,745.36 | 22,582.99 | - | 22,582.99 |
| Other Financial Liabilities | 6,029.11 | - | 6,029.11 | 6,419.16 | - | 6,419.16 |
| Other Current Liabilities | 5,191.51 | - | 5,191.51 | 5,188.08 | - | 5,188.08 |

Note 38: Details of Loans given covered under Section 186(4) of the Companies Act, 2013

| Particulars | March 31, 2022 | March 31, 2021 |
|---|-----------------|-----------------|
| MBE Minerals Zambia Limited* | 1,385.04 | 1,385.04 |
| McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. 30.06.2017)* | 40.08 | 40.08 |
| Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. 29.08.2018)# | 1,744.38 | 1,744.38 |
| Total | 3,169.50 | 3,169.50 |

*Allowance for doubtful loan receivables recognised.

#The Company has not recognised interest income on the loans for the year ended 31st March, 2022.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

Refer Note 5 for investments made by the Company

Note 39:

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court at Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal, Kolkata on September 01, 2009, for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardubi, in the State of Jharkhand, Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. April 01, 2008. As per the Scheme of Arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/or encumbrances shall extend over or apply to any other asset(s) of MSEL. Thus the existing charges on the assets of the Products Division for facilities enjoyed by MBECL will continue and vice versa. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of the Company are secured by assets which include those of the Product Division of MSEL.

Note 40:

The Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The Company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Company has a legitimate claim of Rs. 1,517 lakhs towards receivable and Rs. 1,133 lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of Rs. 7,334 lakhs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on October 25, 2010 has upheld Elsamex S.A.'s claim and has given award in favour of Elsamex S.A. Under the award, a total amount of Rs. 3,535 Lakhs is receivable by the Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court in January, 2011 for a stay in the matter of payment of award money. The matter is still pending for hearing.

Note 41:

Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing off, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) has been initially appointed as the Interim Resolution Professional (IRP). Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vest in the IRP/Resolution Professional (RP). Committee of Creditors (COC) have been constituted on 25.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP.

Note 42:

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 and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. 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

Notes forming part of the Standalone Financial Statement for the year ended 31st March, 2022

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 Management resolution and revival of the Company is possible in the foreseeable future. The IRP/RP is expected to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the company have been prepared on going concern basis.

Note 43:

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. 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 till the conclusion of CIRP. Therefore, no impact has been considered in these statements as of now.

Note 44:

During the year ended 31st March, 2019 , the Company had deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 Lakhs, into interest free long term loans /ICDs, repayable in five equated annual instalments commencing after the payment of lender obligation. Fair valuation gain of Rs. 83,804.25 Lakhs (31st March, 2021, Rs. 85,148.70 Lakhs) arising out of aforesaid transaction had been considered as part of "Other Reserves" (Note 11(b)(v)) and Rs. 14,788.69 Lakhs (31st March, 2021 Rs. 13,444.26 Lakhs) had been considered as "Long term borrowings" (Note 12(a)) for which consents have been obtained from the counter parties during the year ended 31st March, 2020.

Note 45:

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers and Loans to others and no provision has been made there against during the year ended 31st March, 2022.

Note 46:

The Company has been categorised as Non Performing Asset by the lender banks and majority of the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India. Accordingly, the Company has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 95,766.23 Lakhs and Rs. 706.40 Lakhs respectively till 31st March, 2022.. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 lakhs (including interest) have been provisionally admitted by IRP and remaining amount is under verification, the necessary provisions with respect to such claims shall be made upon final admission of the claims by IRP with respect to such financial creditors.

Note 47:

The Hon'ble Calcutta High Court by an order dt. 02.03.2022, has restrained the company from dealing with Banks which has affected operations of the company badly. The Company has filed a petition before the Hon'ble Court for withdrawal of the order since CIRP process has been initiated on the company and hearing of the petition is scheduled on 06th June, 2022.

Note 48:

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) has declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Company, by way of interruption in the project activities,

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as State Governments, the business of the Company is regaining normalcy in terms of volume as well as cash flow. The Company is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Company has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

Note 49:

The Company in earlier years had pledged 23,37,211 Equity Shares of its subsidiary McNally Sayaji Engineering Limited (MSEL) against term loan facilities availed by the said subsidiary. During the quarter ended 31st December, 2020, ICICI Bank Limited has invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer. The Company has also filed a claim amounting to Rs 73.75 Cr (including invocation of pledged shares) with Resolution Professional of MSEL in March, 2021. Further the company filed for compensation for such invocation at average cost price of shares of MSEL amounting to Rs 40.79 Cr. Accordingly, the Company has not made any adjustment in respect of number of shares as well as impairment to the carrying value of Investments/Receivables from MSEL as on 31st March, 2022 pending approval of Resolution plan from COC of the said Subsidiary.

Note 50:

Trade Receivables, Other Current Assets and Other Financial Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of trade receivables which include Rs 43,402.16 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business, hence no impairment has been considered at this stage.

Note 51: Interest In Joint Venture

| Name | Project | Principal Place of Business | 31st March, 2022 | 31st March, 2021 |
|----------------------------|---------|-----------------------------|----------------------------------|----------------------------------|
| | | | Proportion of ownership Interest | Proportion of ownership Interest |
| EMC MBE Contracting Co LLC | EMC | Oman | 35% | 35% |
| McNally- AML | Dipka | Indian | 98% | 98% |
| | Ananta | Indian | 97% | 97% |
| McNally- Trolex | Chhal | Indian | 96% | 96% |
| | Baroud | Indian | 97% | 97% |
| McNally- Trolex- Kilburn | Sardega | Indian | 80% | 80% |

Note: Profit/Loss for the year of Joint Ventures which are not material have not been considered in the Financial Statements

Note 52:

One of the Subsidiary, McNally Sayaji Engineering Limited has been drawn into Corporate Insolvency Resolution Process vide NCLT order dated 11th February, 2021, the said order has been challenged before the NCLAT after that NCLAT has dismissed the appeal. Thereafter, the Committee of Creditors (CoC) was constituted which held its first meeting on 14th December, 2021. At the said Meeting, CoC has appointed the Resolution Professional, Hence Company has not impaired investment as well as advances as on 31.03.2022.

Notes forming part of the Standalone Financial Statement

for the year ended 31st March, 2022

Note 53:

Other Statutory Information

- (i) There is no immovable property held in the name of the Company during the year.
- (ii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (iii) The Company does not have any transactions with Companies struck off under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 2013.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned to or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company has no such transaction unrecorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income tax Act, 1961 Such as , search or survey or any other relevant provision of the Income Tax Act, 1961.

Note 54:

There are no significant subsequent events that would require adjustments or disclosures in the Standalone Financial Statements as on the date of approval of these Standalone Financial Statements.

Note 55:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Signature to Note 1 to 55

As per Report of our even date

For V. Singhi & Associates

Chartered Accountants

Firm Registration Number: 311017E

(V. K. SINGHI)

Partner

Membership Number: 050051

Place: Kolkata,

Date: 30th May, 2022

For McNally Bharat Engineering Company Limited

(Srinivash Singh)

Managing Director

DIN: 00789624

(Asim Kumar Barman)

Director

DIN: 02373956

(Brij Mohan Soni)

Chief Financial Officer

(Indrani Ray)

Company Secretary

Anuj Jain

(Taken on Record)

IBBI/IPA-001/IP-P00142/2017-18/10306

Interim Resolution Professional

Independent Auditor's Report

To the Members of

McNally Bharat Engineering Company Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the Consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our Report, the aforesaid Consolidated Financial Statements do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022, its consolidated loss (including Total Comprehensive Loss), its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

a) Non-recognition of Interest Expense

The Holding Company has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs.96,472.63 up to the year ended 31st March, 2022 as referred in Note 49 to the Consolidated Financial Statements. However, Holding Company's Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 lakhs (including interest) have been provisionally admitted by IRP. As a result, finance Costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2022 are understated to that extent.

One out of its four subsidiaries, McNally Sayaji Engineering Limited ("MSEL") has not recognized interest expense on Bank borrowings and Inter-Corporate Borrowings for the financial year ended 31st March, 2021 as referred in Note 49 to the Consolidated Financial Statements. MSEL has not recognized interest expense on Bank borrowings amounting to Rs.6747 Lakhs and Rs. 1260 Lakhs on Inter-Corporate Borrowings up to the financial year ended 31st March, 2021. The CIRP has since been initiated against MSEL on and from 11th February, 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded on MSEL's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Holding Company, McNally Bharat Engineering Company Limited against which MSEL had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims. As a result, finance Costs, liability on account of interest are under stated and total comprehensive income for the financial year ended 31st March, 2021 are overstated to that extent.

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

b) Trade Receivables and Other Current Assets

We draw attention to Note 52 to the Consolidated Financial Statements 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 there from, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the

Independent Auditor's Report

Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Consolidated Financial Statements.

Material uncertainty related to Going Concern

The Group has reported net loss of Rs. 11,977.56 Lakhs during the year ended 31st March, 2022 and the Holding Company and its Subsidiary Company, McNally Sayaji Engineering Limited have shown their inability to meet their financial commitments/ covenants to lenders and various other stakeholders. As stated in Note 45 to the Consolidated Financial Statement the Holding Company and one subsidiary MSEL are under CIRP. Hence 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 Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the acceptance of the resolution plan by the Committee of Creditors.

We draw attention to Note 50 to the Consolidated Financial Statements wherein the Hon'ble Calcutta High Court by an order dated 2nd March, 2022, has restrained the Holding Company from dealing with the banks which has affected operations of the Holding Company severely. The Holding Company has filed a petition before the Hon'ble Calcutta High Court for withdrawal of the above order since CIRP process has been initiated on the Holding Company.

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

Emphasis of Matters

a) Appointment of Interim Resolution Professional

We draw attention to Note 44 to the Consolidated Financial Statements wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Holding Company vide an order dated 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and are exercisable by the Interim Resolution Professional, Mr. Anuj Jain.

b) Non-Assessment of Pending Litigations

We draw attention to Note 46 to the Consolidated Financial Statements pertaining to the Holding Company's receipt of regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax, Income Tax. In view of Holding Company's admission under CIRP all existing civil / legal proceedings will be kept in abeyance as moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Holding Company till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

c) Charges of Exceptional Items

We draw attention to Note 35 to the Consolidated Financial Statements, pertaining to one of its subsidiary McNally Sayaji Engineering Company Limited, based on physical verification and fair estimation of Net Realizable Value of non-moving and slow-moving inventories, complete evaluation of such inventories, including physical verifications vis-à-vis fair estimates of Net Realizable Value of some stock items of Raw Material and Work in Progress of Rs. 3,075 Lakhs aggregate has been charged as exceptional item in the Statement.

d) Recognition of Deferred Tax Assets

We draw your attention to Note 8 to the Consolidated Financial Statements wherein 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 utilised, which is solely dependent on the acceptance of the resolution plan. However, the Group has not recognized deferred tax assets in any of the subsequent years on prudent basis.

Independent Auditor's Report

e) Other Equity

We draw attention to Note 47 to the Consolidated Financial Statements regarding Other equity which includes Rs 83,804.25 lakhs (85,148.70 lakhs as on 31st March, 2021) of fair valuation gain on account of deferred repayment of Inter Corporate Deposit of to Rs 98,592.94 lakhs and the said gain having been considered as part of "Other Reserves" and Rs 14,788.69 lakhs (13,444.26 lakhs as on 31st March, 2021) as "Long term borrowings" under the head Non-Current Borrowings.

Our opinion is not modified in respect of these matters.

This statement includes the result of the following entities:

Wholly Owned Subsidiary Companies of the Holding company

- McNally Bharat Equipment 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 Coal and Mineral Technology India Private Limited (Wholly Owned Subsidiary of McNally Sayaji Engineering Limited)

Joint Ventures of Holding Company

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

Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.

| Sr.No. | Key Audit Matters | Auditors' Response to Key Audit Matters |
|--------|---|---|
| 1 | <p>Estimated Cost to complete the Project: (Refer note 1(d) to the Consolidated Financial Statements)</p> <p>The Holding Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard 115 "Revenue from Contract with Customers".</p> <p>Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete the contract involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.</p> | <p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the Independent Chartered Engineer's Certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis. |

Independent Auditor's Report

| Sr.No. | Key Audit Matters | Auditors' Response to Key Audit Matters |
|--------|---|---|
| 2. | <p>Provisions and Contingent Liabilities</p> <p>(Refer note 31 to the Consolidated Financial Statements)</p> <p>The Holding Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Consolidated Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p> | <p>Our audit approach was combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Holding Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of the Board and the Sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Holding Company considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures. |

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

In view of ongoing Corporate Insolvency Resolution Process (CIRP), the Interim Resolution Professional (IRP) is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Management's Report including Annexures to Management's Report, Corporate Governance and Shareholders Information but does not include the Consolidated Financial Statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibilities for the Consolidated Financial Statements

In view of ongoing Corporate Insolvency Resolution Process (CIRP), the Interim Resolution Professional (IRP) is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring

Independent Auditor's Report

the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the qualified consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- a) The Consolidated Financial Statements include the audited Consolidated Financial Statements of one Subsidiary whose Consolidated Financial Statements reflect total assets of Rs. 38,889 Lakhs as at 31st March, 2022, total revenue of Rs. 18,116 Lakhs for the financial year ended 31st March, 2022 and total net loss of Rs. 4,308 Lakhs for the financial year ended 31st March, 2022 which have been audited by us. Our opinion on the Consolidated Financial Statements, 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.
- b) The Consolidated Financial Statements include the unaudited Financial Information/Results of one Indian and two foreign subsidiaries whose Financial information/results reflect total assets of Rs. 240.77 Lakhs as at 31st March, 2022, total revenue of Rs.2.43 Lakhs for the financial year ended 31st March, 2022 and total net loss of Rs. 1.88 Lakhs for the financial year ended 31st March, 2022, as considered in the Consolidated Financial Statements. These unaudited Financial Information/Results have been furnished to us by the Board of Directors of the Holding Company 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 Financial Information/Results. In our opinion and according to the information and explanations given to us by the Board of Directors of the Holding Company, these interim financial information/results are not material to the Group.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matter with respect to the Financial Information/Results certified by the Board of Directors of the Holding Company.

- c) The Financial Statements of the Joint Ventures of the Holding Company whose carrying value in the Financial Statements is Rs. Nil (net of impairment) has not been considered in the Consolidated Financial Statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements;
 - b) Except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements

Independent Auditor's Report

have been kept so far as it appears from our examination of those books and returns;

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) Considering the significance of the matter described in the Basis for Adverse Opinion Section above, in our opinion, the aforesaid Consolidated Financial Statements do not comply with the Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and its Subsidiary Companies as on 31st March, 2022 and taken on record by the Interim Resolution Professional, none of the directors of the Group companies incorporated in India, is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act. However in view of Corporate Insolvency Resolution Process ("CIRP") from 29th April, 2022, the powers of Board of Directors of the Holding Company stand suspended as per section 17 of the code and such powers are exercised by the Interim Resolution Professional during the year;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Subsidiary Companies and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Holding Company to its directors during the year is in accordance with the requirements of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the unaudited financial information/results of the Subsidiary Companies, as noted in the Other Matters Paragraph above:
 - i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Group has disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements (Refer Note 31(a) to the Consolidated Financial Statements);
 - ii. the Group has made provision, in this Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company.
- iv. (a) The Management has represented, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by the Group to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on our audit procedure that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

Independent Auditor's Report

v. The Group has not declared or paid any dividend during the year.

Place: Kolkata
Date: 30th May, 2022

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 21050051AAAAGM3847

Annexure A to the Independent Auditor's Report

Referred to in paragraph 1 of the Independent Auditor's Report of even date to the members of McNally Bharat Engineering Company Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2022.

As required by paragraph 3(xxi) of the CARO 2020, we report that the auditors of the following companies have given qualification or adverse remarks in their CARO report on the standalone/consolidated financial statements of the respective companies included in the Consolidated Financial Statements of the Holding Company:

| S . No | Name of the Company | CIN | Relationship with Company | Date of respective Audit Report | Clause number of CARO Report which is qualified or adverse remarks |
|--------|---|-----------------------|---------------------------|---------------------------------|--|
| 1. | McNally Bharat Engineering Company Limited | L45202WB1961PLC025181 | Holding | 30 th May 2022 | i(b), vii(a), vii(b), ix(a), xix |
| 2. | McNally Sayaji Engineering Limited | L28999WB1943PLC133247 | Subsidiary | 27 th May 2022 | i(c), ii(b), vii(a), vii(b), ix(a) & xix. |
| 3. | MBE Coal & Mineral Technology India Private Limited | U27100WB2009PTC137428 | Subsidiary | 27 th May 2022 | i(c), vii(a), ix(a) & xix. |

Annexure B to the Independent Auditor's Report

Referred to in Paragraph 1(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Bharat Engineering Company Limited on the Consolidated Financial Statements for the year ended 31st March, 2022

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited ("the Holding Company") and its subsidiaries which are incorporated in India (collectively referred to as "the Group") as of and for the year ended 31st March, 2022 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective management under Corporate Insolvency Resolution Process (CIRP) of the Holding Company and Board of Directors of its subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls over financial reporting based on the criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the financial statements of the Holding Company and its Subsidiary Companies, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its Subsidiary Companies, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Annexure B to the Independent Auditor's Report

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiaries which are incorporated in India, have, in all material respects, adequate internal financial controls system over Financial Reporting and such internal financial controls were operating effectively as at 31st March, 2022 based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of such internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration No. 311017E

Place: Kolkata
Date: 30th May, 2022

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: **21050051AAAAGM3847**

Consolidated Balance Sheet as at 31st March, 2022

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

| Particulars | Notes | As at 31st March, 2022 | As at 31st March, 2021 |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, Plant and Equipment | 3 | 13,473.15 | 14,691.90 |
| Right to use Assets | 3 | 339.45 | 2,043.28 |
| Capital Work-in-progress | 3 | 482.62 | 483.51 |
| Investment Property | 4 | 355.42 | 358.42 |
| Other Intangible Assets | 5 | 53.15 | 51.32 |
| Goodwill on Consolidation | 5 | 1,162.64 | 1,162.64 |
| Financial Assets | | | |
| i. Investments | 6 | 117.84 | 120.70 |
| ii. Trade Receivables | 7(a) | 939.00 | 622.07 |
| iii. Other Financial Assets | 7(d) | 784.58 | 480.08 |
| Deferred Tax Assets (net) | 8 | 57,940.49 | 57,940.49 |
| Other Non-Current Assets | 9 | 134.00 | 149.41 |
| Total Non-current Assets | | 75,782.34 | 78,103.82 |
| Current Assets | | | |
| Inventories | 10 | 5,465.82 | 9,449.35 |
| Financial Assets | | | |
| i. Trade Receivables | 7(a) | 99,252.23 | 1,08,738.97 |
| ii. Cash and Cash Equivalents | 7(b) | 4,502.27 | 3,823.23 |
| iii. Bank Balances other than (ii) above | 7(b) | 116.00 | 365.72 |
| iv. Loans | 7(c) | 1,852.46 | 1,430.18 |
| v. Other Financial Assets | 7(d) | 36,818.85 | 26,625.64 |
| Current Tax Assets (net) | 11(a) | 1,101.67 | 4,429.91 |
| Other Current Assets | 11(b) | 44,996.32 | 46,855.47 |
| Total Current Assets | | 1,94,105.62 | 2,01,718.47 |
| Total Assets | | 2,69,887.96 | 2,79,822.29 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12(a) | 21,157.08 | 21,157.08 |
| Other equity | | | |
| Reserves and Surplus | 12(b) | (38,464.98) | (25,881.59) |
| Equity attributable to owners of the Holding Company | | (17,307.90) | (4,724.51) |
| Non-controlling Interest | | 1,231.51 | 2,019.79 |
| Total Equity | | (16,076.39) | (2,704.72) |
| LIABILITIES | | | |
| Non-current Liabilities | | | |
| Financial Liabilities | | | |
| i. Borrowings | 13(a) | 14,788.69 | 13,447.67 |
| ii. Lease Liabilities | 13(d) | 257.88 | 2,453.10 |
| iii. Trade Payables | 13(c) | - | - |
| - Total outstanding dues of Micro, Small and Medium Enterprises | | - | 0.68 |
| - Total outstanding dues of creditors other than Micro, Small and Medium Enterprises | | - | - |
| Provisions | 13 | 695.34 | 792.39 |
| Total Non-current Liabilities | | 15,741.91 | 16,693.84 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| i. Borrowings | 13(b) | 2,21,493.72 | 2,18,719.46 |
| ii. Lease Liability | 13(d) | 129.60 | 40.00 |
| iii. Trade payables | 13(c) | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | 540.96 | 407.81 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 25,322.35 | 26,061.88 |
| iv. Other financial liabilities | 13(e) | 16,737.01 | 17,592.97 |
| Provisions | 14 | 230.95 | 266.00 |
| Other current liabilities | 15 | 5,767.85 | 2,745.05 |
| Total Current Liabilities | | 2,70,222.44 | 2,65,833.17 |
| Total Equity and Liabilities | | 2,69,887.96 | 2,79,822.29 |
| Significant Accounting Policies, Judgements, Estimates and Assumptions | 1-2 | | |

The above Consolidated balance sheet should be read in conjunction with the accompanying note nos. 1 to 60

As per our Report of even date

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

(V. K. Singhi)

Partner

Membership Number: 050051

Place: Kolkata

Date: 30th May, 2022

(Srinivash Singh)

Managing Director

DIN: 00789624

(Brij Mohan Soni)

Chief Financial Officer

(Anuj Jain)

(Taken on Record)

IBBI/IPA-001/IP-P00142/2017-18/10306

Interim Resolution Professional

For **McNally Bharat Engineering Company Limited****(Asim Kumar Barman)**

Director

DIN: 02373956

(Indrani Ray)

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2022

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

| Particulars | Notes | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|-------------|--------------------------------|--------------------------------|
| Revenue from Operations | 16 | 42,426.74 | 50,151.85 |
| Other Income | 17(a) & (b) | 7,120.37 | 3,033.64 |
| Total income | | 49,547.11 | 53,185.49 |
| Expenses | | | |
| Cost of Materials Consumed | 18(a) | 21,422.63 | 20,991.44 |
| Changes in Inventories of Work-in-Progress and Finished Goods | 18(b) | (208.00) | 1,367.00 |
| Outsourcing Expenses to Job Workers | | 11,819.90 | 11,840.79 |
| Employee Benefits Expense | 19 | 7,183.30 | 7,564.00 |
| Finance Costs | 20 | 5,092.53 | 4,616.62 |
| Depreciation and Amortisation Expenses | 21 | 1,272.45 | 1,624.86 |
| Other Expenses | 22 | 11,966.65 | 9,531.16 |
| Total Expenses | | 58,549.46 | 57,535.85 |
| Profit/(Loss) before exceptional items | | (9,002.35) | (4,350.37) |
| Exceptional Items | 35 | (3,075.00) | - |
| Profit/(Loss) before tax | | (12,077.35) | (4,350.37) |
| Income Tax Expense | 23 | | |
| - Provision written back | | - | - |
| - Tax for earlier years | | (22.00) | |
| - Deferred Tax | | - | - |
| Total Tax Expense | | (22.00) | - |
| Profit/(Loss) for the year | | (12,055.35) | (4,350.37) |
| Other Comprehensive Income/(Loss) for the year | | | |
| Items that will not be reclassified to Profit or Loss | | | |
| Remeasurements of Post-employment Defined Benefit Obligations | | 77.79 | 35.75 |
| Income Tax relating to these items | | - | - |
| Other Comprehensive Income/(Loss) for the year | | 77.79 | 35.75 |
| Total Comprehensive Income/ (Loss) for the year | | (11,977.56) | (4,314.62) |
| Profit/(Loss) attributable to: | | | |
| Owners of the Holding Company | | (11,254.61) | (4,471.53) |
| Non-Controlling Interest | | (800.74) | 121.16 |
| | | (12,055.35) | (4,350.37) |
| Other Comprehensive Income/(Loss) attributable to : | | | |
| Owners of the Holding Company | | 71.34 | 32.43 |
| Non-Controlling Interest | | 6.45 | 3.32 |
| | | 77.79 | 35.75 |
| Total Comprehensive Income/(Loss) attributable to : | | | |
| Owners of the Holding Company | | (11,183.27) | (4,439.10) |
| Non-Controlling Interest | | (794.28) | 124.48 |
| | | (11,977.55) | (4,314.62) |
| Earnings per share (EPS) for the year (Face value of Rs. 10/- per share): | | | |
| Basic (Rs.) | 37 | (5.32) | (2.11) |
| Diluted (Rs.) | 37 | (5.32) | (2.11) |
| Significant Accounting Policies, Judgements, Estimates and Assumptions | 1-2 | | |

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying note nos. 1 to 60.

As per our Report of even date

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

(V. K. Singhi)

Partner

Membership Number: 050051

Place: Kolkata

Date: 30th May, 2022

(Srinivash Singh)

Managing Director

DIN: 00789624

(Brij Mohan Soni)

Chief Financial Officer

(Anuj Jain)

(Taken on Record)

IBBI/IPA-001/IP-P00142/2017-18/10306 DIN: 02373956

Interim Resolution Professional

(Asim Kumar Barman)

Director

DIN: 02373956

(Indrani Ray)

Company Secretary

Consolidated Statement of Cash Flows for the year ended 31st March, 2022

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

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Cash flow from operating activities | | |
| Profit/(Loss) before income tax | (12,077.35) | (4,350.37) |
| Adjustments for: | | |
| Depreciation | 1,271.45 | 1,624.90 |
| Finance Costs | 5,092.53 | 4,616.62 |
| Interest Income | (3,734.27) | (2,316.17) |
| Loss/(Profit) on Disposal of Property, Plant & Equipment (Net) | (80.99) | (21.67) |
| Provision/Allowance for Doubtful Debts | 1,928.22 | 151.00 |
| Provision for Expected Credit Loss on Trade Receivables and due from customers | (1,689.45) | 634.93 |
| Advances written off | 385.72 | - |
| Provision/Liabilities no longer required written back | (674.00) | (315.95) |
| Provision for Warranty | (26.00) | 4.00 |
| Provision for Doubtful Debts against Claims Recoverable | 846.82 | - |
| Provision for Future Foreseeable Losses in Construction Contracts | (1,199.11) | (757.51) |
| Unrealised (gain)/ loss on Foreign Currency Translation (Net) | 88.81 | (23.76) |
| Net (gain)/loss on financial assets measured at fair value through profit or loss | 2.87 | (27.82) |
| Change in operating Assets and Liabilities: | | |
| (Increase)/Decrease in Trade Receivables | 10,597.92 | 33,488.42 |
| (Increase)/Decrease in Inventories | 3,835.18 | 1,847.86 |
| Increase/(Decrease) in Trade Payables | (850.28) | (1,620.14) |
| Increase / (Decrease) in Employee Benefit Obligation | (647.00) | (5.00) |
| (Increase)/Decrease in Other Financial Assets | (8,937.83) | (3,255.75) |
| (Increase)/decrease in Other Non-current Assets | 1.83 | 1.14 |
| (Increase)/decrease in other Right to use assets | 1,538.34 | - |
| (Increase)/decrease in Other Current Assets | 5,941.83 | (4,249.46) |
| Increase/(decrease) in Provisions | (1.17) | 25.14 |
| Increase/ (decrease) in Other Financial Liabilities | (2,491.42) | 960.46 |
| Increase/ (decrease) in Other Liabilities | (3,264.04) | (22,121.51) |
| Increase/ (decrease) Unwinding of Interest | 61.00 | - |
| Cash generated from Operations | (4,080.39) | |
| Income taxes (paid)/Refund | 3,365.77 | 1,996.01 |
| Net cash inflow / (outflow) from operating activities | (714.62) | 6,285.35 |
| Cash flows from investing activities | | |
| Purchase of Property, Plant and Equipment | (70.19) | (59.33) |
| Loans given | - | 50.36 |
| Proceeds from sale of Property, Plant and Equipment | 266.71 | 41.75 |
| Deposits matured/(made) | 39.24 | (26.29) |
| Interest received | 3,673.27 | 165.51 |
| Net cash inflow / (outflow) from investing activities | 3,909.03 | 172.00 |

Consolidated Statement of Cash Flows for the year ended 31st March, 2021 (Contd.)

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

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Cash flows from financing activities | | |
| Proceeds from borrowings | 4,712.48 | 2,164.49 |
| Repayment of borrowings | (2,963.04) | (14.00) |
| Interest paid | (5,092.53) | (5,489.99) |
| Net increase in Cash Credit Facilities including WCDL | - | (1,491.00) |
| Net cash inflow / (outflow) from financing activities | (3,343.09) | (4,830.50) |
| Net increase / (decrease) in cash and cash equivalents | (148.68) | 1,626.85 |
| Cash and cash equivalents at the beginning of the financial year | 3,823.23 | 2,198.64 |
| Effects of exchange rate changes on Cash and Cash Equivalents | 0.46 | (2.26) |
| Cash and cash equivalents at end of the year | 3,675.01 | 3,823.23 |
| Reconciliation of cash and cash equivalents as per the cash flow statement | | |
| Cash and cash equivalents as per above comprise of the following: | | |
| Cash and Cash Equivalents (note 7(b)) | 4,502.27 | 3,823.23 |
| Adjustment of opening Balances | 827.26 | - |
| Bank Overdrafts (note 13(d)) | - | - |
| Balances per Statement of Cash Flows | 3,675.01 | 3,823.23 |

Notes:

The Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying note nos. 1 to 60.

As per our Report of even date

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

(V. K. Singhi)

Partner

Membership Number: 050051

Place: Kolkata

Date: 30th May, 2022

(Srinivash Singh)

Managing Director

DIN: 00789624

(Brij Mohan Soni)

Chief Financial Officer

(Anuj Jain)

(Taken on Record)

IBBI/IPA-001/IP-P00142/2017-18/10306 DIN: 02373956

Interim Resolution Professional

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)

Director

DIN: 02373956

(Indrani Ray)

Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March, 2022

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

| A. Equity Share Capital | | |
|-----------------------------------|-------|----------------------|
| Particulars | Notes | Equity Share Capital |
| As at 31st March, 2020 | | 21,157.08 |
| CCPS Converted into Equity Shares | 12(a) | - |
| As at 31st March, 2021 | | 21,157.08 |
| Changes in Equity Share Capital | 12(a) | - |
| As at 31st March, 2022 | | 21,157.08 |

B. Other Equity

| Particulars | Notes | Compul- sory Convertible Preference Share Capital (CCPS) | Reserve and surplus | | | | | | | Non- Controlling Interests | Total |
|--|-------|--|-----------------------|----------------------|---------------------------------------|--------------------|---|------------------|--------------------|----------------------------------|-------------|
| | | | Securities Premium | Retained Earnings | Capital Redemp- tion Reserve | Capital Reserve | Foreign Currency Translation Reserve | Other Reserve | General Reserve | | |
| Balance as at 1st April, 2020 | | - | 1,12,869.05 | (2,21,551.35) | 101.00 | 344.28 | (257.32) | 86,370.90 | 1,766.63 | 1,895.31 | (18,461.51) |
| Forfeiture of Share Warrants | | - | - | - | - | - | - | - | - | - | - |
| Profit/(Loss) for the year | 12(b) | - | - | (4,471.53) | - | - | - | - | - | 121.16 | (4,350.37) |
| Other Comprehensive Income/(Loss) for the year | 12(b) | - | - | 32.43 | - | - | - | - | - | 3.32 | 35.75 |
| Adjustment for change in ownership interest | 12(b) | - | - | - | - | - | - | - | - | - | - |
| Appropriations during the year | 12(b) | - | - | - | - | - | 134.15 | - | - | - | 134.15 |
| Converted into Equity Shares | 12(a) | - | - | - | - | - | - | - | - | - | - |
| Reversal of Fair value gain on Financial Liabilities | 45 | - | - | - | - | - | - | (1,222.21) | - | - | (1,222.21) |
| Transfer to Financial Liabilities | 12(b) | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March, 2021 | | - | 1,12,869.05 | (2,25,990.44) | 101.00 | 344.28 | (123.17) | 85,148.70 | 1,766.63 | 2,019.79 | (23,861.80) |
| Profit/(Loss) for the year | 12(b) | - | - | (11,254.61) | - | - | - | - | - | (800.74) | (12,055.34) |
| Other Comprehensive Income/(Loss) for the year | 12(b) | - | - | 71.34 | - | - | - | - | - | 6.45 | 77.79 |
| Change in Estimates | 12(b) | - | - | 26.50 | - | - | - | - | - | 5.99 | 32.49 |
| Appropriations during the year | 12(b) | - | - | - | - | - | (79.82) | - | - | - | (79.82) |
| Reversal of Fair value gain on Financial Liabilities | 45 | - | - | - | - | - | - | (1,344.43) | - | - | (1,344.43) |
| Balance as at 31st March, 2022 | | - | 1,12,869.05 | (2,37,147.21) | 101.00 | 344.28 | (202.99) | 83,804.27 | 1,766.63 | 1,231.51 | (37,233.48) |

Note : An amount of Rs. 620 Lakhs (including Securities Premium of Rs. 520 Lakhs) was received by the Holding Company as 25% subscription money from two parties towards allotment of 40,00,000 Equity Share Warrants. On non-exercise of their option attached to the warrants for subscription of Equity Shares of the Holding Company, the Holding Company has forfeited the amount during the financial year 2019-20.

The above Consolidated Statement of changes in equity should be read in conjunction with the accompanying note nos. 1 to 60.

As per our Report of even date

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

(V. K. Singhi)
Partner
Membership Number: 050051
Place: Kolkata
Date: 30th May, 2022

(Srinivash Singh)
Managing Director
DIN: 00789624
(Brij Mohan Soni)
Chief Financial Officer

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

For **McNally Bharat Engineering Company Limited**

(Asim Kumar Barman)
Director
DIN: 02373956
(Indrani Ray)
Company Secretary

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

Corporate Information

The Consolidated Financial Statements comprise of Financial Statements of “McNally Bharat Engineering Company Limited (‘the Holding Company’) and its subsidiaries (collectively referred to as ‘the Group’)” for the year ended 31st March, 2022.

Note 1: Significant Accounting Policies

This note provides a list of significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Hon’ble National Company Law Tribunal(NCLT), Kolkata Bench vide order dated 29/04/2022 while admitting section 7 application under Insolvency and Bankruptcy Code, 2016, one of the financial creditors, initiated Corporate Insolvency Resolution Process against the holding company.

CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was initially appointed as the Interim Resolution Professional in the said matter.

The CIRP under Insolvency and Bankruptcy Code, 2016 is in progress.

This note provides a list of significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation of Consolidated Financial Statements

(i) Compliance with Ind AS

The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Consolidated Financial Statements.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments); and
- Defined benefit plans – plan assets measured at fair value.

(iii) Operating Cycle

All assets and liabilities have been classified as current or non - current as per the Group’s normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents, the Group has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 12 to 24 months.

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Consolidated Financial Statements are continually evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

(b) Segment Reporting

The Group is primarily engaged in two business segments, viz. “Turnkey engineering” and “other engineering services”. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Managing Director and CFO for the purpose of resource allocation and assessing performance focuses separately on the aforesaid segment. The CODM reviews the Group’s performance on the analysis of Profit/ (Loss) before tax at each segment level. Accordingly, appropriate disclosure is made for reportable segments in accordance with Ind AS 108 “Operating Segments”.

(c) Foreign Currencies

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in ‘Other Income’. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Consolidated Statement of Profit and Loss.

(i) Functional Currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Consolidated Financial Statements are presented in Indian rupee (INR), which is the Holding Company’s functional currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Consolidated Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

The Group derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminium, Material Handling, Mineral Beneficiation, Pyro processing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. (together called as “turnkey solutions”).

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

(i) Sale of Goods and Services

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Group’s revenue and profit or loss. The Group has concluded that the revenue recognition to occur at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services be provided (percentage of completion method).

(ii) Revenue from Construction Contracts

Revenue from contracts are recognised with reference to the stage of completion method in accordance with Ind AS - 115. Obligations under the long term construction contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the group. Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included as a liability as advances received. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

(iii) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Notes forming part of the Consolidated Financial Statement for the year ended 31st March, 2022

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used till the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

(f) Leases

A lease is classified at the inception date as a financial lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as operating leases.

As a Lessee:

Lease rentals are recognized as expense on a straight-line basis over the lease term except where-

- (i) Another systematic basis is more representative of the time pattern in which economic benefits the leased asset is derived; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

As a Lessor:

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except where-

- (i) Another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(g) Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, Cash and Cash Equivalents includes cash on hand, demand deposits, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

(i) Trade Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.

(j) Inventories

Inventories consist of raw materials, stores, work in progress, bought out components, loose tools and finished goods and are stated at the lower of cost or net realizable value. Cost of inventories comprises costs of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials and stores on weighted average basis, and to bought out components on specific identification on individual cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Gains and losses are recognised

Notes forming part of the Consolidated Financial Statement for the year ended 31st March, 2022

in the Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(I) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss, and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Consolidated Statement of Profit and Loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Consolidated Statement of Profit and Loss.

Investments in subsidiaries and joint ventures are recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets".

- (a) Debt Instruments measured at amortized cost- Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- (b) Equity Instruments at Fair value through Profit or Loss (FVTPL) - The Group subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit or loss. Dividends from such investments are recognized in the Consolidated Statement of Profit and Loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/ (losses) in the Consolidated Statement of Profit and Loss. The Group has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of Financial Assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Group provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the group operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

For trade receivables and due from customers, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(m) Derivatives that are not designated as hedges

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

- i it is probable that future economic benefits associated with the item will flow to the entity; and
- ii. the cost of an item can be measured reliably.

All items of Property, Plant and Equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the group intends to use these during more than a period of 12 months.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual value, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Act, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the assets. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

| Class of Assets | Useful Lives as followed by the management |
|---------------------|--|
| Plant and Machinery | 3 to 20 years |

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

ii) Impairment of Property, Plant and Equipment

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

Consolidated Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other gains/ losses.

(q) Intangible Assets

(i) Computer Software

Costs incurred on computer software resulting in future economic benefits are capitalized as Intangible Assets.

Intangible assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining software programs are recognised as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortised from the point at which the asset is available for use.

(ii) Amortization methods and periods

Computer software are amortized on a straight line basis over a period of three years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other gains/ losses.

(iii) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 24 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of borrowings using the effective interest method.

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these Preference Shares are recognized in the Consolidated Statement of Profit and Loss as finance costs.

Borrowings are derecognised from the Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Consolidated Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 24 months after the reporting period.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

(t) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense in the Consolidated Statement of Profit and Loss.

(v) Provisions, Contingent Liabilities and Contingent Assets (Contd.)

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or amount of the obligation cannot be measured with sufficient reliability.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(w) Employee Benefits

(i) Short – term obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 24 months after the year end and non-monetary benefits that are expected to be settled wholly within 24 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the Consolidated Balance Sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

Employees' State Insurance Scheme: Contribution to Central Government of India administered Employees' State Insurance Scheme for eligible employees is recognized as charge in the Consolidated Statement of Profit and Loss in the year in which they are accrued.

(ii) Other long term employee benefit obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 24 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the

Notes forming part of the Consolidated Financial Statement for the year ended 31st March, 2022

related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Consolidated Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

The obligations are presented as current liabilities in the Consolidated Balance Sheet if the entity does not have an unconditional right to defer settlement for at least the operating cycle after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Defined benefit plans

The Group operates defined benefit plans such as Gratuity, Post - employment medical obligations and Provident Fund (administered by Independent Trust).

The Group provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. The gratuity fund is administered by Independent Trustees. Plan assets are managed by Life Insurance Corporation of India (LIC).

The Group provides for post – retirement medical benefits to eligible retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The Group has a provident fund benefit plan which is administered by the Independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall, it is categorized as a defined benefit plan.

The liability or asset recognized in the Consolidated Balance Sheet in respect of the above defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Consolidated Statement of Profit and Loss.

Re-measurement gains and losses arising from experience and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in the Consolidated Statement of Profit and Loss as past service cost.

(x) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether the equity instruments or assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of acquired business;
- Equity interests issued by group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

(y) Contributed Equity

Equity Shares are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against Securities Premium Reserve.

(z) Earnings Per Share

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing:

- Profit or loss attributable to equity shareholders of the Group
- By the weighted average number of equity shares outstanding during the financial year, adjusted for the effect of all dilutive potential equity shares. (Note 37)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in their determination of basic earnings per share to take into account

- The after income tax effect of interest and other financing costs associated with dilutive potential equity share, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(za) Principles of consolidation and Equity Accounting

- Subsidiaries

Subsidiaries are all entities over which the Holding Company has control. The Holding Company controls an entity when it is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Holding Company. They are deconsolidated from the date that control ceases.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the reporting period. Any exchange difference arising on consolidation is recognised in Foreign Currency Translation Reserve.

The unaudited financial statements of foreign subsidiaries, its associates and joint venture have been prepared in

Notes forming part of the Consolidated Financial Statement for the year ended 31st March, 2022

accordance with Generally Accepted Accounting Policies of its Country of Incorporation.

The acquisition method of accounting is used to account for business combination.

The Holding Company combines the financial statements of itself and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Holding Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

- Joint Arrangements

Under Ind AS 111 Joint arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Holding Company has a joint venture. The Financial Statements of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

Rounding of amounts

All amounts disclosed in the Consolidated Financial Statements and note have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Act, unless otherwise stated.

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the Consolidated Financial Statements and reported amounts of revenues and expenses during the period. The application of accounting policies requires critical accounting estimates involving complex and subjective judgements and the use of assumptions in these consolidated financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the consolidated financial statements:

1. Going Concern Assumptions
2. Expected cost of completion of Contracts
3. Fair value measurement of Financial Instruments
4. Recognition of Deferred Tax Assets for carried forward tax losses
5. Impairment of Trade Receivables and Due from Customers
6. Provisions, Claims and Contingent Liabilities
7. Estimation of Defined Benefits Obligation
8. Useful life of Property, Plant and Equipment
9. Decommissioning Obligations

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 3: Property, Plant and Equipment

| Particulars | Freehold Land | Leasehold Land | Building | Plant & Equipment | Furniture & Fixtures | Office Equipment | Vehicles | Total | Capital Work-in-progress | Right to Use Assets |
|---|---------------|-----------------|------------------|-------------------|----------------------|------------------|---------------|------------------|--------------------------|---------------------|
| 1st April, 2020 | | | | | | | | | | |
| Gross Block | | | | | | | | | | |
| Opening Block | 289.00 | 2,529.69 | 13,365.40 | 19,265.72 | 1,068.52 | 438.52 | 137.70 | 37,094.55 | 482.37 | 2,390.40 |
| Additions | - | - | - | 45.16 | 3.00 | 9.04 | - | 57.20 | 1.14 | - |
| Disposals/ Adjustments | - | - | - | (128.60) | - | - | (8.00) | (136.60) | - | - |
| Closing Gross Block | 289.00 | 2,529.69 | 13,365.40 | 19,182.28 | 1,071.52 | 447.56 | 129.70 | 37,015.15 | 483.51 | 2,390.40 |
| Accumulated Depreciation | | | | | | | | | | |
| Opening | 0.40 | 215.34 | 4,213.02 | 15,197.23 | 883.00 | 400.91 | 92.46 | 21,002.36 | - | 173.56 |
| Accumulated Depreciation | - | 57.00 | 536.00 | 805.01 | 43.86 | 12.03 | 7.78 | 1,461.68 | - | 173.56 |
| Depreciation charge during the year | - | - | - | (117.79) | - | (15.00) | (8.00) | (140.79) | - | - |
| Disposals/ Adjustments | - | - | - | (117.79) | - | (15.00) | (8.00) | (140.79) | - | - |
| Closing Accumulated Depreciation | 0.40 | 272.34 | 4,749.02 | 15,884.45 | 926.86 | 397.94 | 92.24 | 22,323.25 | - | 347.12 |
| Net Block as at 31st March, 2021 | 288.60 | 2,257.35 | 8,616.38 | 3,297.83 | 144.66 | 49.62 | 37.46 | 14,691.90 | 483.51 | 2,043.28 |
| 1st April, 2021 | | | | | | | | | | |
| Gross Block | | | | | | | | | | |
| Opening Gross Block | 289.00 | 2,529.69 | 13,365.40 | 19,182.28 | 1,071.52 | 447.56 | 129.70 | 37,015.15 | 483.51 | 2,390.40 |
| Additions | - | - | - | 54.04 | 1.25 | 9.95 | - | 65.25 | - | 194.94 |
| Disposals/ Adjustments | - | 4.00 | 2.00 | (266.14) | (25.33) | (30.55) | (2.73) | (318.74) | (0.89) | (2,137.64) |
| Closing Gross Block | 289.00 | 2,533.69 | 13,367.40 | 18,970.18 | 1,047.44 | 426.96 | 126.97 | 36,761.66 | 482.62 | 447.70 |
| Accumulated Depreciation | | | | | | | | | | |
| Opening | 0.40 | 272.34 | 4,749.02 | 15,884.45 | 926.86 | 397.94 | 92.24 | 22,323.25 | - | 347.12 |
| Accumulated Depreciation | - | 20.70 | 430.08 | 574.90 | 48.66 | 15.41 | 8.90 | 1,098.66 | - | 168.98 |
| Depreciation charge during the year | - | (10.17) | 3.87 | (89.96) | 5.04 | (41.13) | (1.04) | (133.40) | - | (407.85) |
| Disposals/ Adjustments | - | (10.17) | 3.87 | (89.96) | 5.04 | (41.13) | (1.04) | (133.40) | - | (407.85) |
| Closing Accumulated Depreciation | 0.40 | 282.87 | 5,182.97 | 16,369.39 | 980.56 | 372.22 | 100.10 | 23,288.51 | - | 108.25 |
| Net Block as at 31st March, 2022 | 288.60 | 2,250.82 | 8,184.43 | 2,600.79 | 66.88 | 54.74 | 26.87 | 13,473.15 | 482.62 | 339.45 |

Capital work-in-Progress ageing Schedule for the year ended March 31st, 2022 & March 31st, 2021

| Capital Work-in-Progress | Amount in CWIP for a period of | | | | |
|--------------------------|--------------------------------|----------|----------|-----------------|--------|
| | Less than 1 Year | 1-2 Year | 2-3 Year | More than 3Year | Total |
| 31st March 2022 | | | | | |
| Software in Development | - | - | - | - | - |
| Project in Process | - | - | - | 482.62 | 482.62 |
| 31st March 2021 | | | | | |
| Software in Development | 1.11 | - | - | - | 1.11 |
| Project in Process | - | - | - | - | - |

The is Project is under dispute and completion is already overdue.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Pursuant to the Scheme of Arrangement between the holding company and the subsidiary company McNally Sayaji Engineering Limited (MSEL), the existing charges on the assets of the erstwhile Products Division of Holding Company for facilities enjoyed by it will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain property, plant and equipment of the subsidiary company (net written down value as at 31.03.2022 of Rs. 457 Lakhs (31.03.2021 Rs. 472 Lakhs) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit 1)[Refer Note 31]

(i) Property, Plant and Equipment pledged as security

Refer note 39 for Property, Plant and Equipment pledged as security by the Group.

(ii) Capital Commitments

There is no Capital Commitments for the acquisition of Property, Plant and Equipment.

Note 4: Investment Property [Leasehold Land]

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Gross Block | | |
| Opening Block | 397.42 | 397.42 |
| Disposals / Adjustments | - | - |
| Closing Gross Block | 397.42 | 397.42 |
| Accumulated Depreciation | | |
| Opening Balance | 39.00 | 36.00 |
| For the Year | 3.00 | 3.00 |
| Closing Accumulated Depreciation | 42.00 | 39.00 |
| Net Block | 355.42 | 358.42 |
| Fair Value | | |
| Investment Property | 2,250.00 | 2,250.00 |

Estimation of fair value

The fair valuation is based on report dated as on 21.05.2019 in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry and trend of fair market rent in the area of property located.

The valuation is based on valuation performed by an accredited independent valuer. All resulting fair value estimates for investment properties are included in level 2.

Note 5: Intangible Assets

| Particulars | Designs and Drawings | Computer Software * | Total | Goodwill on Consolidation |
|---|----------------------|---------------------|---------------|---------------------------|
| 1st April, 2020 | | | | |
| Gross Block | | | | |
| Opening Block | 320.56 | 97.76 | 418.32 | 1,162.64 |
| Additions | - | 1.90 | 1.90 | - |
| Closing Gross Block | 320.56 | 99.66 | 420.22 | 1,162.64 |
| Accumulated Amortisation | | | | |
| Opening Accumulated Amortisation | 320.56 | 47.38 | 367.85 | - |
| Amortisation Charge for the year | - | 0.96 | 0.96 | - |
| Other adjustments | - | - | 0.09 | - |
| Closing Accumulated Amortisation | 320.56 | 48.34 | 368.90 | - |
| Closing Net Block as at 31st March, 2021 | - | 51.32 | 51.32 | 1,162.64 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 5: Intangible Assets

| Particulars | Designs and Drawings | Computer Software * | Total | Goodwill on Consolidation |
|---|----------------------|---------------------|---------------|---------------------------|
| 1st April, 2021 | | | | |
| Gross Block | | | | |
| Opening Gross Carrying Amount | 320.56 | 99.66 | 420.22 | 1,162.64 |
| Additions | - | 5.00 | 5.00 | - |
| Adjustment | | 2.00 | 2.00 | |
| Closing Gross Block | 320.56 | 102.66 | 423.22 | 1,162.64 |
| Accumulated Amortisation | | | | |
| Opening Accumulated Amortisation | 320.56 | 48.34 | 368.90 | - |
| Amortisation charge for the year | - | 1.17 | 1.17 | - |
| Adjustment | - | - | - | - |
| Closing Accumulated Amortisation | 320.56 | 49.51 | 370.07 | - |
| Closing Net Block as at 31st March, 2022 | - | 53.15 | 53.15 | 1,162.64 |

* Computer software consists of other than internally generated intangible asset.

Note 6: Non-current Investments

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Investments in Equity Instruments (fully paid-up) | | |
| Equity Instruments carried at Fair Value Through Profit or Loss | | |
| Quoted | | |
| 10,960 (31st March, 2021 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited | 36.71 | 29.59 |
| 10,960 (31st March, 2021 : 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited | 2.51 | 2.09 |
| Total (Equity Instruments) | 39.22 | 31.68 |
| Investment in Mutual Funds carried at fair value through profit or loss | | |
| Unquoted | | |
| 362,970.078 (31st March, 2020 : 362,970.078) units of L&T Short Term Opportunities Growth Fund | 78.62 | 89.02 |
| Total (Mutual Funds) | 78.62 | 89.02 |
| Total | 117.84 | 120.70 |
| Total Non-current Investments | 117.84 | 120.70 |
| Aggregate amount of quoted investments and market value thereof | 39.22 | 31.68 |
| Aggregate amount of unquoted investments | 78.62 | 89.02 |

(i) Investments pledged as security

Refer note 39 for Investments pledged as security by the Group.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 7(a) : Trade receivables

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Unsecured | | |
| Trade Receivables - Considered good | 1,08,005.27 | 1,17,242.91 |
| Trade receivables - Which have significant increase in credit risk | - | - |
| Trade Receivables - Credit impaired | 27,027.54 | 26,584.45 |
| Less: Allowance for Doubtful Receivables | (34,841.58) | (34,466.32) |
| Total Trade Receivables | 1,00,191.23 | 1,09,361.04 |
| Current | 99,252.23 | 1,08,738.97 |
| Non-current | 939.00 | 622.07 |
| \$ Represents retention amount receivable beyond one year from reporting date. | | |

Ageing for the year ended 31.03.2022

| Particulars | | | | | | | |
|---|-----------|-----------------------|----------------------|-----------|-----------|----------------------|--------------------|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Receivables - Considered Good | 24,014.11 | 6,555.60 | 2,383.31 | 7,698.03 | 11,400.80 | 12,275.87 | 64,327.72 |
| "Undisputed Receivables - Which have significant increase in credit risk" | - | - | - | - | - | - | - |
| Undisputed Receivables - Credit Impaired | - | 2.16 | 5.56 | 359.97 | 216.79 | 26,070.87 | 26,655.35 |
| Less Allowance for Doubtful trade receivables | - | - | - | - | - | - | - |
| Disputed Receivables - Considered Good | 7,148.21 | - | - | 97.49 | 7,656.94 | 28,774.91 | 43,677.55 |
| "Disputed Receivables - Which have significant increase in credit risk" | - | - | - | - | - | - | - |
| Disputed Receivables - Credit Impaired | - | - | - | - | - | 372.19 | 372.19 |
| Less Allowance for Doubtful trade receivables | - | - | - | - | - | - | - |
| Total Receivables | 31,162.33 | 6,557.76 | 2,388.87 | 8,155.49 | 19,274.53 | 67,493.84 | 1,35,032.81 |
| Less Allowance for Doubtful trade receivables (ECL) | | | | | | | 34,841.58 |
| Net Total Receivables | | | | | | | 1,00,191.23 |

Ageing for the year ended 31.03.2021

| Particulars | | | | | | | |
|---|-----------|-----------------------|----------------------|-----------|-----------|----------------------|-----------|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Receivables - Considered Good | 23,788.08 | 16,712.31 | 5,150.96 | 12,237.87 | 5,162.76 | 10,513.28 | 73,565.24 |
| "Undisputed Receivables - Which have significant increase in credit risk" | - | - | - | - | - | - | - |
| Undisputed Receivables - Credit Impaired | - | - | - | 70.00 | 161.00 | 25,981.45 | 26,212.45 |
| Less Allowance for Doubtful trade receivables | - | - | - | - | - | - | - |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|-----------|--------------------|-------------------|-----------|-----------|-------------------|-------------|
| Disputed Receivables - Considered Good | 7,148.21 | 25.68 | | 7,727.66 | 9,899.72 | 18,876.40 | 43,677.67 |
| "Disputed Receivables - Which have significant increase in credit risk" | - | - | - | - | - | - | - |
| Disputed Receivables - Credit Impaired | - | - | - | - | - | 372.00 | 372.00 |
| Less Allowance for Doubtful trade receivables | - | - | - | - | - | - | - |
| Total Receivables | 30,936.29 | 16,737.98 | 5,150.96 | 20,035.52 | 15,223.48 | 55,743.13 | 1,43,827.36 |
| Less Allowance for Doubtful trade receivables (ECL) | | | | | | | 34,466.32 |
| Net Total Receivables | | | | | | | 1,09,361.04 |

Note 7(b) : Cash and cash Equivalents

| Particulars | As at 31st March , 2022 | As at 31st March , 2021 |
|---|-------------------------|-------------------------|
| Balances with banks | | |
| - in current accounts | 3,472.71 | 3,794.53 |
| - in cash credit accounts | 6.48 | 0.04 |
| - Cheques on Hand | - | 12.00 |
| Cash on hand | 3.20 | 4.79 |
| Bank Deposits with maturity of less 3 months @ | 1,019.88 | 11.87 |
| Total cash and cash equivalents | 4,502.27 | 3,823.23 |
| Other bank balances | | |
| Earmarked balances with banks (refer note (i))@ | 116.00 | 51.20 |
| Deposits with bank | - | 314.52 |
| Total other bank balances | 116.00 | 365.72 |

(i) @ Earmarked balances Rs 116 with bank represent balances held for margin money against issue of bank guarantees and Letter of Credit, having maturity of less than one year.

(ii) There are certain repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods.

* The above figures are subject to balance confirmation

Note 7(c) : Loans (Current)

| Particulars | As at 31st March , 2022 | As at 31st March , 2021 |
|----------------------------|-------------------------|-------------------------|
| Unsecured, Considered good | | |
| Loan to others | 1,852.46 | 1,430.18 |
| Total Loans | 1,852.46 | 1,430.18 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 7(d) Other Financial Assets

| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
|---|------------------------|---------------|------------------------|---------------|
| | Current | Non-current | Current | Non-current |
| Unsecured, considered good | | | | |
| Banks deposit with maturity more than twelve months # | - | 209.58 | - | - |
| Security Deposits * | 1,484.27 | 10.00 | 1,008.79 | 64.14 |
| Deposit with Joint Venture | 4,149.09 | - | - | - |
| Advance to Employees | 3.17 | - | 55.18 | - |
| Due from customers | 3,009.21 | - | 598.64 | - |
| Balance with Govt/Amount recoverable from Govt | 34.00 | - | - | 14.00 |
| Earnest Money deposit | - | 66.00 | - | 65.94 |
| Less: Doubtful Earnest Money Deposit | - | - | - | (2.00) |
| Claims Recoverable | 28,109.00 | - | 24,881.72 | - |
| Others | 111.77 | 499.00 | 81.31 | 338.00 |
| Less: Allowance for doubtful receivables | (81.67) | - | - | - |
| Total other financial assets | 36,818.85 | 784.58 | 26,625.64 | 480.08 |

Balances with bank represent balances held for margin money against issue of bank guarantees Rs 195.00 Lakhs, Letter of Credit Rs 3.80 Lakhs and held with the Local Authorities Rs 10.78 Lakhs.

* It includes Rs 552 Lakhs deposit as per direction of Delhi High court order against arbitration case.

Note 8 : Deferred tax assets (Net)

(A) The balance comprises temporary differences attributable to:

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Deferred Tax Assets on : | | |
| Tax losses | 57,589.94 | 57,589.94 |
| Others | 1,203.55 | 1,203.55 |
| Total Deferred Tax Assets | 58,793.49 | 58,793.49 |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (853.00) | (853.00) |
| Net Deferred Tax Assets | 57,940.49 | 57,940.49 |

Deferred Tax Liabilities:

(B) The balance comprises temporary differences attributable to:

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Property, Plant and Equipment and Intangible Assets | 848.00 | 848.00 |
| Other items | 5.00 | 5.00 |
| Total deferred tax liabilities | 853.00 | 853.00 |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (853.00) | (853.00) |
| Net Deferred Tax Liabilities | - | - |

The Group had recognised Deferred Tax Assets amounting to Rs 57,940.49 Lakhs upto 31st March, 2019. The Group believes that based on the infusion of fresh funds by the investors coming to the Holding Company, there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Group has not recognised further Deferred Tax Assets during the subsequent years taking a conservative approach. {Also refer note 23(a) to the Consolidated Financial Statements}.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 9: Other Non-Current Assets (Unsecured, considered good)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Capital Advances | - | 4.99 |
| Prepaid Rent | 0.59 | 2.43 |
| Balance with Statutory/Government Authorities | 76.00 | - |
| Others | 57.41 | 141.99 |
| Total Other Non-Current Assets | 134.00 | 149.41 |

Note 10: Inventories

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--------------------------|---------------------------|---------------------------|
| Raw Materials* | 2,241.30 | 2,951.35 |
| Loose Tools | 34.00 | 60.00 |
| Work-in-Progress* | 2,811.52 | 5,514.00 |
| Finished Goods | - | 39.00 |
| Stores and Spares | 379.00 | 885.00 |
| Total Inventories | 5,465.82 | 9,449.35 |

* Amount of Written down value of inventories carried at NRV and recognised as Exceptional item {Refer Note 35}

3,075.00

-

Note 11(a): Current tax assets (net)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Advance income tax (net of provisions Rs. 3,972.21 Lakhs, Previous Year Rs. 3,972.21 Lakhs) | 1,101.67 | 4,429.91 |
| Total current tax assets (net) | 1,101.67 | 4,429.91 |

Note 11(b): Other Current Assets (Unsecured, considered good)

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| Advance to suppliers & others * | 27,983.14 | 27,325.87 |
| Less: Allowance for doubtful advances | (33.76) | (33.76) |
| Balance with statutory/government authorities ** {Refer Note 31(d)} | 16,267.42 | 18,530.27 |
| Gratuity Receivable @ | 50.79 | 28.00 |
| Prepaid Expenses | 591.61 | 815.10 |
| Others | 137.13 | 190.00 |
| Total Other Current Assets | 44,996.32 | 46,855.47 |

* Balances shown are subject to confirmation and reconciliation with respective parties

* net of amounts written off in C.Y RsRs 119.72 Lakhs (P.Y Nil)

** It includes ITC's Rs. 140.94 Lakhs blocked by Department of GST.

@ Gratuity Actuarial Valuation - Fair Value of plan assets is more than present value of obligation.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 12: Equity Share Capital and Other Equity

12(A) Equity Share Capital

| Particulars | Equity Shares | | Compulsorily Convertible Preference Shares (CCPS) | |
|-----------------------------------|---------------------|------------------|---|------------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Authorised | | | | |
| As at 31st March, 2020 | 24,00,00,000 | 24,000.00 | 14,00,00,000 | 14,000.00 |
| As at 31st March, 2021 | 24,00,00,000 | 24,000.00 | 14,00,00,000 | 14,000.00 |
| As at 31st March, 2022 | 24,00,00,000 | 24,000.00 | 14,00,00,000 | 14,000.00 |
| Issued, Subscribed and Paid up: | | | | |
| (i) Movements in Share Capital | | | | |
| As at 31st March, 2020 | 21,15,70,757 | 21,157.08 | - | - |
| CCPS converted into Equity Shares | - | - | - | - |
| As at 31st March, 2021 | 21,15,70,757 | 21,157.08 | - | - |
| Changes | - | - | - | - |
| As at 31st March, 2022 | 21,15,70,757 | 21,157.08 | - | - |

i) Terms and Rights attached to Equity Shares:

Each Equity Share has a par value of Rs 10/-. It entitles the holder to participate in dividends, and to share upon liquidation of the company in proportion to the number of shares held and amounts paid thereon. Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote

Terms and Rights attached to Compulsorily Convertible Preference Shares(CCPS):

Each CCPS is compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment. CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the Company. The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid. Each CCPS would carry a dividend of 1% which would be non cumulative.

(ii) Shares of the company held by Holding/Ultimate Holding Company

The Company does not have a Holding Company.

(ii) Shares of the company held by Holding/Ultimate Holding Company

The Company does not have a Holding Company.

iii) Details of shareholders holding more than 5% of the aggregate Equity Shares in the Company:

| Particulars | 31st March, 2022 | | 31st March, 2021 | |
|---------------------------------------|------------------|-----------|------------------|-----------|
| | Number of shares | % holding | Number of shares | % holding |
| Williamson Magor & Co Limited | 2,23,18,952 | 10.55 | 2,53,18,952 | 11.97 |
| Williamson Financial Services Limited | 1,92,14,753 | 9.08 | 1,92,14,753 | 9.08 |
| Babcock Borsig Limited | 1,36,64,636 | 6.46 | 1,36,64,636 | 6.46 |
| Sahal Business Private Limited | 1,74,47,637 | 8.25 | 1,74,47,637 | 8.25 |
| IL&FS Financial Services Limited | 1,61,29,000 | 7.62 | 1,61,29,000 | 7.62 |
| Aditya Birla Finance Limited | 1,12,90,000 | 5.34 | 1,12,90,000 | 5.34 |
| DMI Finance Private Limited | - | - | 1,09,87,762 | 5.19 |

Shareholding of Promoters

| Shares held by promoters at the end of the year | As at 31st March, 2022 | | As at 31st March, 2021 | | % Change during the year |
|---|------------------------|-------------------|------------------------|-------------------|--------------------------|
| Promoter Name | No. of Shares | % of Total Shares | No. of Shares | % of Total Shares | |
| WILLIAMSON MAGOR & CO LIMITED | 22318952 | 10.55 | 25318952 | 11.97 | 1.42 |
| WILLIAMSON FINANCIAL SERVICES LIMITED | 19214753 | 9.08 | 19214753 | 9.08 | - |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Shares held by promoters at the end of the year | As at 31st March, 2022 | | As at 31st March, 2021 | | % Change during the year |
|---|------------------------|------|------------------------|------|--------------------------|
| BABCOCK BORSIG LIMITED | 13664636 | 6.46 | 13664636 | 6.46 | - |
| EMC LIMITED | 10137689 | 4.79 | 10137689 | 4.79 | - |
| MCLEOD RUSSEL INDIA LIMITED | 3052295 | 1.44 | 3052295 | 1.44 | - |
| KILBURN ENGINEERING LIMITED | 854300 | 0.40 | 854300 | 0.40 | - |
| BISHNAUTH INVESTMENTS LIMITED | 99400 | 0.05 | 99400 | 0.05 | - |
| ISHA KHAITAN | 24000 | 0.01 | 24000 | 0.01 | - |
| AMRITANSHU KHAITAN | 8000 | 0.00 | 8000 | 0.00 | - |
| B M KHAITAN* | 21 | 0.00 | 21 | 0.00 | - |
| Total | 6,93,74,046 | | 7,23,74,046 | | |

* He was demised on 1st June 2019 but company has not received transmission request yet.

v) Aggregate number of shares issued for consideration other than cash for the period of five years immediately preceding the date at which the Balance Sheet is prepared:

On 30th March, 2017, the Company had allotted 4,16,21,273 Compulsorily Convertible Preference Shares (CCPS) at Rs. 66 (including Security Premium of Rs. 56) per share for Rs. 27,470.04 Lakhs to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited for consideration other than cash, with whom the Company had entered into an agreement on 17th February, 2017. Vide the same agreement entered into by the Company and Vedica Sanjeevani Projects Private Limited on 17th February, 2017, the Company acquired 4,75,200 Equity Shares and 12,47,004 debentures of Vedica Sanjeevani Projects Private Limited, as consideration for issued CCPS. The CCPS so allotted have been converted into Equity Shares as per the terms.

Note 12(b) Reserves and Surplus

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--------------------------------------|------------------------|------------------------|
| Securities Premium | 1,12,869.05 | 1,12,869.05 |
| Capital Redemption Reserve | 101.00 | 101.00 |
| General Reserve | 1,766.63 | 1,766.63 |
| Capital Reserve | 344.28 | 344.28 |
| Retained Earnings | (2,37,147.21) | (2,25,990.45) |
| Foreign Currency Translation Reserve | (202.99) | (123.17) |
| Other Reserves | 83,804.27 | 85,148.70 |
| Total Reserves and Surplus | (38,464.98) | (25,881.59) |

(i) Securities Premium

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|------------------------|------------------------|
| As per last Financial Statement | 1,12,869.05 | 1,12,869.05 |
| Closing balance | 1,12,869.05 | 1,12,869.05 |

Nature and purpose:

Securities Premium has arisen on issue of Shares. The Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

(ii) Capital Redemption Reserve

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|---------------------------|---------------------------|
| As per last Financial Statement | 101.00 | 101.00 |
| Closing balance | 101.00 | 101.00 |

Nature and purpose:

The Reserve is a non distributable reserve. The reserve can be utilised in accordance with the provisions of the Act, 2013.

(iii) General Reserve

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|---------------------------|---------------------------|
| As per last Financial Statement | 1,766.63 | 1,766.63 |
| Closing balance | 1,766.63 | 1,766.63 |

Nature and purpose:

The reserve is a part of retained earnings. This is available for distribution to the shareholders as a part of free reserve.

(iv) Capital Reserve

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---------------------------------|---------------------------|---------------------------|
| As per last Financial Statement | 344.28 | 344.28 |
| Closing balance | 344.28 | 344.28 |

Nature and purpose:

Represents the amount transferred from the transferee company pursuant to Scheme of Amalgamation.

(v) Retained Earnings

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| As per last Financial Statement | (2,25,990.45) | (2,21,551.35) |
| Net profit /(loss) for the year | (11,254.61) | (4,471.53) |
| Items of OCI directly transferred to retained earnings | 71.34 | 32.43 |
| Adjustment/Other Adjustment for change in ownership interest | 26.50 | - |
| Closing balance | (2,37,147.21) | (2,25,990.45) |

Nature and purpose:

This reserve & surplus represents the cumulative Profits/Loss of the Group and can be utilised in accordance with the provisions of the Companies Act, 2013. The Retained Earnings is a part of Reserve & Surplus.

(vi) Foreign Currency Translation Reserve

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| As per last Financial Statement | (123.17) | (257.32) |
| Effects of exchange rate changes on Consolidation | (79.82) | 134.15 |
| Closing balance | (202.99) | (123.17) |

Nature and purpose:

Represents reserve created on account of consolidation of foreign subsidiary.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

(vii) Other Reserves

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|---------------------------|---------------------------|
| As per last Financial Statement | 85,148.70 | 86,370.90 |
| Reversal of Fair value gain on Financial Liabilities(refer note 47) | (1,344.43) | (1,222.21) |
| Closing balance | 83,804.27 | 85,148.70 |

Nature and purpose:

This reserve represents fair valuation gain on valuation of long term borrowings measured at amortised cost. The reserve will be utilised through unwinding as interest expense to be recognised over the period of the borrowings (refer note 47).

Note 13: Financial Liabilities

(a) Non-current borrowings

| Particulars | Coupon/ Interest rate | As at 31st March, 2022 | As at 31st March, 2021 |
|---|-----------------------|---------------------------|---------------------------|
| Secured | | | |
| Term Loans | | | |
| ICICI Bank Auto Finance Loan | | - | 3.25 |
| Foreign currency loan - from banks (refer note (ii) & (iii)) | 6 month LIBOR+4.15% | 502.04 | 487.39 |
| Unsecured | | | |
| From Others | | | |
| I Inter-Corporate deposits (Refer Note No 47 & C below) | 0.00% | 14,788.69 | 13,444.42 |
| 9,75,000, 11.50% Non-Convertible Redeemable Cumulative Preference Shares | 11.50% | 5,451.43 | 5,451.43 |
| (Refer note A below & Note No 31(c)) | | | |
| Total non-current borrowings | | 20,742.16 | 19,386.49 |
| Less: Liability for Redeemable Preference Shares (included in note 13(e)) | | 5,451.43 | 5,451.43 |
| Less: Reclassified to Current Borrowings(note 13(b)) | | 502.04 | 487.39 |
| Non-current borrowings | | 14,788.69 | 13,447.67 |

A. 11.50% Non-Convertible Redeemable Cumulative Preference Shares

- (i) Non-Convertible Redeemable Cumulative Preference Shares were redeemable by the Holding Company in 8 equal quarterly instalments commencing from 5th June, 2018 and the last installment payable was on 5th March, 2020 which has been on default as on the date of approval of these Consolidated Financial Statements.

The Holding Company has executed a non-disposal undertaking and a first ranking pledge agreement in favour of a Preference Shareholder i.e. Tata Capital Financial Services Limited, over 6,331,487 Equity Shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

B. External Commercial Borrowing from ICICI Bank Limited

(i) Terms of repayment:

Loan having a balance outstanding of USD 6.60 lakhs being the last instalment due on 23rd December, 2018 which has been defaulted by the Holding Company as on the date of approval of these Consolidated Financial Statements.

(ii) Security details

Refer Note 39 for details of assets charged as security against these borrowings.

| Details of loan | Nature of Security |
|--|--|
| External Commercial Borrowings from ICICI Bank Limited | First Charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility. |

The amount of interest expense not provided in the books of account on External Commercial Borrowing from ICICI Bank

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Limited by the Holding Company for the year ended 31st March, 2022 is Rs. 80.32 Lakhs and 31st March, 2021 is Rs. 77.98 Lakhs. (Refer to Note 49 to the Consolidated Financial Statements)

C. Inter-Corporate Borrowings

The amount of interest expense not provided in the books of account on the Inter-Corporate Borrowings by the Holding Company in Note 13(a) for the financial year ended 31st March, 2019 was Rs. 9,216.88 Lakhs. The same still remains unprovided. (Refer to Note 49 to the Consolidated Financial Statements)

D. Nature of Security, terms of repayment and rate of interest for Secured Borrowings for the Subsidiary Company, McNally Sayaji Engineering Limited

| Nature of Security | Terms of Repayment and Rate of Interest |
|--|--|
| i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 Lakhs (31.03.2021 Rs. 2,500 Lakhs) is secured by first pari passu charge on all moveable and immovable fixed assets of the Subsidiary Company (excluding Kumardhubi Plant - Unit 1 of the Subsidiary Company) both present and future and pledge over 26% shares of the Company held by Holding Company. This facility is also guaranteed by Holding Company. However, the pledge has since been invoked by ICICI Bank Ltd with adjustment of Re 1 towards the overdues under the facilities availed by the Subsidiary Company from ICICI Bank Ltd. In view of impairment in the investment value in the books of the Holding Company, pursuant to above invocation a claim of Rs 4079 Lakhs has been lodged against the subsidiary company by the Holding Company. Being aggrieved, no adjustments have been made in the books of accounts to the effect of adjustments made by ICICI Bank Ltd as well as claim lodged by the Holding Company. | Repayable in 8 equal half yearly installments of Rs. 625 Lakhs each, commenced from June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount begins June 18, 2015 and every half year thereafter. |
| ii. Year end term loan balance from DBS Bank Ltd. of Rs 852 Lakhs (31.03.2021 Rs. 852 Lakhs) is secured by first pari passu charge on all movable and immovable fixed assets of the Holding Company (excluding Kumardhubi plant - Unit 1) both present and future | Repayable in 8 equal quarterly installments of Rs. 125 Lakhs each commenced from 3rd July, 2017. Interest is payable at the 13% p.a. on monthly basis. |
| iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 3.25 Lakhs (31 March, 2021 Rs. 6 Lakhs) to be secured by hypothecation of the asset under finance. | Car Loans are repayable in 60 equal monthly installments of Rs. 0.28 Lakhs each ending in January, 2023. Interest is payable at the rate of 8.24% p.a. |

Details of default by the Holding Company during the year in respect of Non-current Borrowings {including current maturities of long term debts shown under Note No. 13(d)} are as under:

| Name of the Shareholder/Lender | Amount of Default | Remarks |
|--|-------------------|--|
| Various Preference Shareholders | 5,899.93 | Amount of default persisting as on the date of approval of these Consolidated Financial Statements |
| ICICI Bank (Secured Long term borrowing (ECB)) | 502.04 | |

The Holding Company has been under CIRP and the lenders have lodged claim to Interim Resolution Professional as more described in Note 44 to the Consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Details of default by the Subsidiary Company, McNally Sayaji Engineering Limited during the year in respect of Non-current Borrowings are as under:

The Subsidiary Company has been categorised as Non-Performing Asset by the lender banks, consequently, some of the lender banks have stopped debiting interest on their debts and Subsidiary company has already been under Corporate Insolvency Resolution process (CIRP) on and from 11th February 2021 (Refer Note no. 49). The details of continuing defaults at the year end in respect of Non-Current Borrowings (including current maturities of long term debts) are as follow :

| Particulars | Principal | Interest* |
|----------------------------------|-----------------|---------------|
| Term Loans from Banks | | |
| -ICICI Bank # | 2,500.00 | 107.00 |
| -DBS Bank | 852.00 | 50.00 |
| Total Term Loan - Default | 3,352.00 | 157.00 |

*In addition to the above, the interest expense has not been provided in the books of account on the above borrowings by the Subsidiary Company . (Refer to Note 49 to the Consolidated Financial Statements)

#Term Loan facilities granted to the Subsidiary company McNally Sayaji Engineering Limited by ICICI Bank Limited are secured, including against pledge over 23,37,211 numbers equity shares of the Company held by the company . The said pledge created over 23,37,211 equity shares of the Company has been invoked by ICICI Bank Limited and a sum of Re.1/-has been adjusted towards the over-dues under the facilities availed by the Subsidiary Company from ICICI Bank Limited. However, no provision has been considered by Holding Company in its Financial Statements.

13(b) Current Borrowings

| Particulars | Coupon/ Interest rate | As at 31st March, 2022 | As at 31st March, 2021 |
|---|-----------------------|---------------------------|---------------------------|
| Loans repayable on demand | | | |
| Secured | | | |
| From banks (refer note(i)) | | - | |
| Cash credit from banks | 12.05% to 18.75% | 1,98,741.46 | 1,96,373.78 |
| Working capital demand loans from banks | 12.5% to 13.50% | 16,076.30 | 16,076.30 |
| Unsecured | | | |
| From others | | | |
| Inter Corporate Borrowings (Refer Note No. 47) | 15% to 18% | 6,675.97 | 6,269.38 |
| Total Current Borrowings | | 2,21,493.72 | 2,18,719.46 |
| Less: Interest accrued (included in note 12(c)) | | - | - |
| Current Borrowings | | 2,21,493.72 | 2,18,719.46 |

| (i) Details of loans | Nature of Security |
|--|--|
| Cash Credit facility from consortium of banks and Working capital demand loans from banks. | A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills Receivables including Receivables from hire purchase/leasing, book debts and other movable assets, both present and future. A first pari passu charge in favour of the said Banks by way of third party charge on the movable and fixed assets of the Kumardhubi Division owned by McNally Sayaji Engineering Company Limited, (a Subsidiary Company). A Corporate Guarantee from McNally Sayaji Engineering Company Limited in favour of the BOI Limited Consortium equivalent to the value of the property mortgaged by McNally Bharat Engineering Company Limited. Charge on fixed assets on subservient basis except ICICI to the extent of term loan. The Working Capital Demand Loans have been guaranteed by one of the directors to the tune of Rs. 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private Limited held by the subsidiary Company, McNally Sayaji Engineering Limited are pledged for Working Capital Demand Loans. |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| | |
|--|--|
| Cash Credit facilities and Working Capital Demand Loans by the Subsidiary Company | First pari passu charge on entire current assets of Subsidiary Company. This facility is also secured by second pari passu charge over the immoveable and moveable fixed assets of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future. |
| Loans repayable on demand availed by MBE Coal & Mineral Technology India Private Limited | <p>"ICICI BANK Limited: Secured by first charge by way of hypothecation of MBE Coal & Mineral Technology India Private Limited's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of the Subsidiary company and immovable property situated at Kharagpur, West Bengal.</p> <p>Kotak Mahindra Bank Limited: Secured by first charge by way of hypothecation of Subsidiary Company's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any.</p> <p>Further, Secured by Corporate Guarantee of the Holding Company in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited.</p> |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

(ii) Details of default in respect of Current Borrowings of the Holding Company are as follow:

| Name of the lender | Amount of Default Principle | Remarks |
|---|-----------------------------|--|
| Indian Bank (Formerly know as Allahabad Bank) - Cash Credit | 8,471.50 | Amount of default persisting as on the date of approval of these Consolidated Financial Statements |
| Axis Bank Limited - Cash Credit | 20,449.79 | |
| Bank of Baroda - Cash Credit | 4,165.21 | |
| Bank of India - Cash Credit | 44,844.87 | |
| Canara Bank - Cash Credit | 2,385.85 | |
| DCB Bank- Cash Credit | 292.11 | |
| ICICI Bank - Cash Credit | 18,405.66 | |
| IDBI Bank - Cash Credit | 17,262.94 | |
| Karur Vysya Bank - Cash Credit | 8,596.24 | |
| Lakshmi Vilas Bank - Cash Credit | 96.06 | |
| Oriental Bank of Commerce Bank - Cash Credit | 1,077.08 | |
| Punjab National Bank - Cash Credit | 14,966.19 | |
| Standard Chartered Bank- Cash Credit | 2,571.24 | |
| State Bank Of India - Cash Credit | 25,468.29 | |
| UCO Bank - Cash Credit | 485.69 | |
| Union Bank - Cash Credit | 15,073.17 | |
| Punjab National Bank (Formerly know United Bank of India) - Cash Credit | 53.54 | |
| Cash Credit Total Default | 1,84,665.43 | |
| Axis Bank Limited - Working Capital Demand Loan | 12,660.40 | |
| Standard Chartered Bank- Working Capital Demand Loan | 3,415.90 | |
| Working Capital Demand Loan Total Default | 16,076.30 | |
| Inter-Corporate Borrowings Total Default | 1,905.00 | |

The amount of interest expense not provided on Current Bank Borrowings and Inter-Corporate Borrowings for the year ended 31st March 2022 is Rs.32,117.65 Lakhs and Rs. 262.00 Lakhs and (31st March, 2021 is Rs. 31,546.61 Lakhs and Rs. 190.80 Lakhs) respectively.

(iii) Details of default in respect of Current Borrowings of the Subsidiary Company are as follow:

| Particulars | Principal | Interest* |
|--|---------------|------------|
| Loan from Bank Repayable on Demand | | |
| -ICICI Bank (including Overdraft) | 3,900 | - |
| -DBS Bank | 1,219 | 66 |
| -IDBI Bank | 1,500 | 65 |
| -State Bank of India | 3,544 | - |
| -Kotak Mahindra Bank | 2,068 | - |
| Total Loan from Bank Repayable on Demand -Default | 12,231 | 131 |
| Total Inter-Corporate Loans- Default | 4,924 | 66 |

*In addition to the above, the interest expense has not been provided in the books of account on the above bank borrowings and Inter Corporate Borrowings. (Refer note49)

13(c) Trade payables

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|------------------------|------------------------|
| Trade Payables due to Micro, Small and Medium enterprises (Refer note 40) | 540.96 | 407.81 |
| Trade Payables other than Micro, Small and Medium enterprises | 25,322.35 | 26,062.56 |
| Total Trade Payables | 25,863.31 | 26,470.37 |
| Current | 25,863.31 | 26,469.69 |
| Non-current | - | 0.68 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Trade payables Ageing Schedule as at 31st March, 2022

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|------------------------|--|------------------|-----------|-----------|-------------------|------------------|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| MSME | 10.00 | 108.72 | 236.02 | 21.00 | 104.98 | 480.72 |
| Others | - | 6,892.19 | 4,299.89 | 3,499.23 | 10,097.90 | 24,789.21 |
| Disputed Dues - MSME | - | 10.82 | 7.45 | 4.08 | 37.89 | 60.24 |
| Disputed Dues - Others | - | 1.39 | 5.73 | 11.66 | 514.65 | 533.43 |
| G.Total | | | | | | 25,863.60 |

Trade payables Ageing Schedule as at 31st March, 2021

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|------------------------|--|------------------|-----------|-----------|-------------------|------------------|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| MSME | - | 210.22 | 24.48 | 70.50 | 42.57 | 347.77 |
| Others | - | 10,137.74 | 4,106.20 | 4,917.85 | 6,367.49 | 25,529.28 |
| Disputed Dues - MSME | - | 18.27 | 4.08 | - | 37.69 | 60.04 |
| Disputed Dues - Others | - | 13.73 | 21.23 | - | 498.32 | 533.28 |
| G.Total | | | | | | 26,470.37 |

13(d) Lease Liabilities

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|------------------------|---------------------------|---------------------------|
| Non-current | 257.88 | 2,453.10 |
| Lease Liability | 257.88 | 2,453.10 |
| Current | 129.60 | 40.00 |
| Lease Liability | 129.60 | 40.00 |

13(e) Other financial liabilities

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Current | | |
| Current maturities of long-term debt | 3,857.04 | 3,842.70 |
| Interest accrued on borrowings and others @ | 4,830.15 | 4,830.15 |
| Liability for Redeemable Preference Shares | 5,451.43 | 5,451.43 |
| Capital Creditors | 13.00 | 18.51 |
| Employee Benefits Payable | 1,096.03 | 1,539.01 |
| Security Deposits | 90.29 | 90.30 |
| Dividend Accrued on Preference Shares | 448.50 | 448.50 |
| Liabilities for Expenses \$ | 726.43 | 953.33 |
| Others | 224.14 | 419.03 |
| Total Other Current Financial Liabilities | 16,737.01 | 17,592.97 |

@ For interest accrued and due on bank borrowings as at 31st March 2019; after that not provided, refer Note 13 (a) and 13(b)

* Under Reconciliation

\$ includes primarily Creditors for other expenses.

Note 14: Provisions

| Particulars | As at 31st March, 2022 | | As at 31st March, 2021 | |
|--------------------------------|------------------------|---------------|------------------------|---------------|
| | Current | Non-current | Current | Non-current |
| Provisions | | | | |
| -Warranty | 68.00 | - | 86.06 | - |
| -Anticipated loss on contracts | - | 145.00 | - | 165.11 |
| -Decommissioning obligations | 75.30 | - | 75.30 | - |
| -Gratuity | 68.04 | 328.98 | 70.13 | 402.49 |
| -Others | 19.61 | 221.37 | 34.51 | 224.79 |
| Total Provisions | 230.95 | 695.34 | 266.00 | 792.39 |

(i) Information about individual provisions and significant estimates**Warranty:**

"Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts

The Group offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31st March, 2022, this particular provision had a carrying amount of Rs 68.00 lakhs (31st March, 2021 Rs 94.89

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

lakhs). Where claims costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 6.80 lakhs higher or lower (31st March, 2021: Rs 9.49 lakhs higher or lower).

Anticipated Loss on Contracts:

A provision for anticipated loss is recognised where it is probable that the estimated contract costs are likely to exceed the total contract revenue.

Decommissioning obligations:

Provision for decommissioning obligations relates to equipments erected at the construction site which are required to be decommissioned at the time of handing over the construction site to the customer.

(ii) Movements in provisions

Movements in decommissioning obligation during the financial year, are set out below:

| Particulars | Warranty | Anticipated loss on contracts | Decommissioning Obligations |
|---|--------------|-------------------------------|-----------------------------|
| As at 31st March, 2020 | 103.52 | 145.10 | 103.86 |
| Charged/(credited) to Consolidated Statement of Profit and Loss | | | |
| - additions/Adjustment | 3.42 | - | - |
| - amount used | (20.88) | - | - |
| - unused amounts reversed | - | - | - |
| - unwinding of discount | - | - | (28.56) |
| As at 31st March, 2021 | 86.06 | 145.10 | 75.30 |
| Charged/(credited) to Consolidated Statement of Profit and Loss | | | |
| - additions/Adjustment | 12.94 | - | - |
| - amount used | 31.00 | - | - |
| - unwinding of discount | - | - | - |
| As at 31st March, 2022 | 68.00 | 145.10 | 75.30 |

(iii) Leave Obligations

In the Holding Company, at present, there is no accumulation of leaves which is encashable in future years.

(iv) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the Consolidated Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|-----------------------------|---------------------------|---------------|
| April 1, 2020 | 1,108.66 | 697.34 | 411.32 |
| Current service cost | 73.54 | - | 73.54 |
| Interest expense/income | 77.58 | 41.99 | 35.59 |
| Total amount recognised in Profit and Loss | 151.12 | 41.99 | 109.13 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|---------------|
| Remeasurements | | | - |
| - Return on plan assets | - | 5.10 | (5.10) |
| - Due to financial assumptions | 8.39 | - | 8.39 |
| - Due to experience adjustments | 7.05 | - | 7.05 |
| Total amount recognised in Other Comprehensive Income | 15.44 | 5.10 | 10.34 |
| Employer contributions | - | 96.39 | (96.39) |
| Benefit payments | (284.76) | 284.76 | - |
| 31st March, 2021 | 990.48 | 545.86 | 444.62 |

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|----------------|
| April 1, 2021 | 990.48 | 545.86 | 444.62 |
| Current service cost | 66.34 | - | 66.34 |
| Interest expense/(income) | 68.17 | 36.10 | 32.07 |
| Total amount recognised in Profit and Loss | 134.51 | 36.10 | 98.41 |
| Remeasurements | | | - |
| - Return on plan assets | - | (7.53) | 7.53 |
| - Due to financial assumptions | (0.39) | - | (0.39) |
| - Due to experience adjustments | (84.93) | - | (84.93) |
| Total amount recognised in Other Comprehensive Income | (85.32) | (7.53) | (77.79) |
| Employer contributions | - | 118.99 | (118.99) |
| Benefit payments | (144.11) | (144.10) | (0.01) |
| 31st March , 2022 | 895.54 | 549.32 | 346.22 |

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------------------------------|----------------|----------------|
| Present value of funded obligations | 895.54 | 990.48 |
| Fair value of plan assets | 549.32 | 545.86 |
| Deficit of funded plans | 346.22 | 444.62 |

The significant actuarial assumptions used are as follows:

| Particulars | Year ended 31st March , 2022 | Year ended 31st March , 2021 |
|--------------------------------|---|---------------------------------|
| Discount rate | 7.10% | 6.90% |
| Salary escalation | 4.00 - 6.00% | 4.00 - 6.00% |
| Expected return on plan assets | 7.10% | 6.90% |
| Withdrawal rate | 1.00-8.00% | 1.00-8.00% |
| Mortality rate | In accordance with standard table Indian Assured Lives Mortality (2012-14) ultimate | |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

The sensitivity of defined benefit obligations to changes in the weighted principal assumptions is:

| Assumption | Increase/ (decrease) | Assumption Rate | Amount of increase/ (decrease) in defined benefit obligations as at March 31, 2022 |
|-------------------|-------------------------|-----------------|---|
| Base scenerio | - | - | 895.80 |
| Discount rate | Increase by | 1% | 838.74 |
| Discount rate | Decrease by | 1% | 944.54 |
| Salary escalation | Increase by | 1% | 947.54 |
| Salary escalation | Decrease by | 1% | 834.60 |
| Withdrawal rate | Increase by | 1% | 898.21 |
| Withdrawal rate | Decrease by | 1% | 874.90 |

The above sensitivity analyses are based on reasonably possible changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets underperform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

| Year | As at March 31, 2022 | As at March 31, 2021 |
|----------------------|-------------------------|-------------------------|
| Less than a year | 92.00 | 119.10 |
| Between 1 to 2 years | 85.93 | 90.01 |
| Between 2 to 5 years | 310.75 | 344.86 |
| More than 5 years | 521.18 | 3,925.03 |

The weighted average duration of the defined benefit obligation is 5.58years (31st March, 2021 - 5.705 years).

The contribution expected to be made by the Group for the year ended 31st March , 2023 is Rs. 115.15 Lakhs.

Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

| | |
|-----------------|---|
| Investment risk | The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit. |
| Interest risk | A decrease in the interest rate on plan assets will increase the plan liability. |
| Life expectancy | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability. |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

(v) Provident fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at 31st March, 2022 and 31st March, 2021.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Discount rate | 7.15% | 6.90% |
| Guaranteed interest rate | 8.10% | 8.50% |
| Expected average remaining Working life (in years) | 10.99 | 11.95 |

The Group contributed ₹ 225.62 lakhs and ₹ 289.72 lakhs during the year ended 31st March, 2022 and 31st March 31, 2021, respectively, and the same has been recognised in the Consolidated Statement of Profit and Loss under the head employee benefit expenses.

Risks arising from defined benefit obligations

The defined benefit obligation plan typically expose the group to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

| | |
|-----------------|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. |
| Interest risk | A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets. |
| Longevity risk: | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability. |

Note 15: Other Liabilities

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|--|---------------------------|---------------------------|
| Advance from customers | 4,814.26 | 1,805.48 |
| Statutory Tax Payables | 748.02 | 671.83 |
| Due to Customers | - | 62.49 |
| Dividend Distribution Tax on preference dividend | 91.76 | 91.76 |
| Benevolent fund | 113.04 | 113.04 |
| Others | 0.77 | 0.45 |
| Total Other Liabilities | 5,767.85 | 2,745.05 |
| Current | 5,767.85 | 2,745.05 |
| Non-current | - | - |

Note 16: Revenue from operations

The Group derives the following types of revenue:

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Contract Revenue and Sale of Equipment | 40,757.10 | 48,575.56 |
| Sale of Services | 790.00 | 1,017.93 |
| Other Operating Revenue | 879.64 | 558.36 |
| Total Revenue from Operations | 42,426.74 | 50,151.85 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 17: Other Income and Other Gains/(Losses)**(a) Other Income**

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Interest Income from Financial Assets measured at amortised cost | 3,512.82 | 2,273.29 |
| Interest Income | 412.42 | 217.80 |
| Provision/Liabilities no longer required written back | 674.00 | 166.05 |
| Provision for Warranty written back | 26.00 | - |
| Allowance for Bad Debts Written Back | - | 149.61 |
| Expected credit loss/gain on trade receivables and due from customers written back | 1,689.45 | - |
| Lease liability written back | 545.28 | - |
| Profit on Sale of Property, Plant and Equipment | 80.99 | - |
| Net Foreign Exchange Gain | 12.00 | 39.03 |
| Corporate Guarantee Commission | 147.35 | 147.35 |
| Miscellaneous Income | 3.93 | 12.70 |
| Duty Drawback Income | 19.01 | - |
| Total Other Income | 7,123.24 | 3,005.82 |

(b) Other gains/(losses)

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss | (2.87) | 27.82 |
| Total Other Gains/(losses) | (2.87) | 27.82 |
| Total Other Income and Other Gains/(Losses) (a+b) | 7,120.37 | 3,033.64 |

Note 18(a): Cost of materials consumed

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Raw Materials at the beginning of the year | 2,951.34 | 3,319.91 |
| Add: Purchases | 9,376.90 | 9,516.43 |
| Less: Raw Materials at the end of the year | 2,239.82 | (2,951.34) |
| Less: Transfer to exceptional items at the end of the year | 127.00 | - |
| Total Cost of Raw Materials Consumed | 9,961.42 | 9,885.00 |
| Add: Consumption of bought out components | 11,461.21 | 11,106.44 |
| Total Cost of Materials Consumed | 21,422.63 | 20,991.44 |

Note 18(b): Changes in Inventories of Work-in-progress and Finished Goods

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|------------------------------|--------------------------------|--------------------------------|
| Opening balance | | |
| Work-in progress | 5,514.23 | 6,858.00 |
| Finished goods | 38.77 | 62.00 |
| Total Opening balance | 5,553.00 | 6,920.00 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Closing balance | | |
| Work-in progress | 2,811.52 | 5,514.23 |
| Finished goods | - | 38.77 |
| Total Closing balance | 2,811.52 | 5,553.00 |
| Less: Transfer to Exceptional Item | 2,949.48 | - |
| Total Changes in Inventories of Work-in-progress and Finished Goods | (208.00) | 1,367.00 |

Note 19: Employee benefit expense

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| Salaries, Wages and Bonus | 6,576.75 | 6,798.63 |
| Contribution to Provident and Other Funds | 357.85 | 443.54 |
| Workmen and Staff Welfare Expenses | 248.70 | 321.83 |
| Total Employee Benefits Expense | 7,183.30 | 7,564.00 |

Note 20: Finance costs

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Interest and finance charges on financial liabilities not at fair value through profit or loss | 432.28 | 359.00 |
| Interest Expense on Fair Value of Revenue(Net) | 382.23 | 937.55 |
| Discounting on fair valuation of financial instruments on amortised cost | 4,267.36 | 3,007.70 |
| Unwinding of discount on provisions | 10.66 | 312.37 |
| Total Finance Costs | 5,092.53 | 4,616.62 |

Note 21: Depreciation and amortisation expense

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Depreciation on Property, Plant and Equipment | 1,268.28 | 1,620.90 |
| Depreciation on Investment Properties | 3.00 | 3.00 |
| Amortisation of Intangible Assets | 1.17 | 0.96 |
| Total Depreciation and Amortisation Expense | 1,272.45 | 1,624.86 |

Note 22: Other expenses

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|----------------------------------|--------------------------------|--------------------------------|
| Consumption of Stores and Spares | 928.93 | 763.39 |
| Fabrication and Other Charges | 1,401.01 | 1,379.68 |
| Power & Fuel | 529.20 | 700.33 |
| Rent | 190.73 | 263.60 |
| Repairs and Maintenance : | | |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|--|--------------------------------|--------------------------------|
| Buildings | 6.00 | 11.09 |
| Plant and Machinery | 51.70 | 50.38 |
| Others | 54.02 | 64.31 |
| Legal & Professional Fees | 1,698.69 | 1,788.53 |
| Insurance | 197.32 | 314.47 |
| Commission Expenses | 9.69 | 9.00 |
| Director's Fees | 8.60 | 10.60 |
| Rates & Taxes | 144.48 | 43.58 |
| VAT/ CST written off | 2,174.90 | - |
| Cartage & Freight | 348.26 | 309.64 |
| Bank Charges | 1,198.01 | 1,738.93 |
| Travelling | 559.21 | 554.83 |
| Provision for Expected Credit Loss on Trade Receivables and due from customers | - | 634.93 |
| Duty drawback Claim written off | 30.22 | - |
| Provision/Allowance for Doubtful Debts | 1,898.47 | 151.00 |
| Provision for Future Foreseeable Losses in Construction Contracts | (1,199.11) | (757.51) |
| Advance written off | 385.72 | - |
| Net Foreign Exchange Loss | 100.81 | 5.36 |
| Provision for warranty | 4.53 | 3.62 |
| Liquidated Damages Expenses | - | 11.99 |
| Royalty | - | 10.00 |
| Payment to Auditors | 48.76 | 54.41 |
| Subscriptions and donations | 2.00 | 1.00 |
| Miscellaneous Expenses | 1,194.51 | 1,413.99 |
| Total Other Expenses | 11,966.65 | 9,531.16 |

Note 23: Income tax expenses

This note provides an analysis of the Group's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax positions.

| Particulars | Year ended 31st March, 2022 | Year ended 31st March, 2021 |
|---|--------------------------------|--------------------------------|
| (a) Income tax expense | | |
| Current tax | | |
| Current tax on profits for the year | - | - |
| Provision of earlier years written back | (22.00) | - |
| Total current tax expense | (22.00) | - |
| Deferred tax | | |
| Decrease (increase) in deferred tax assets | - | - |
| (Decrease) increase in deferred tax liabilities | - | - |
| Total Deferred Tax Expense/(Credit) | - | - |
| Total | (22.00) | - |

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

The Group has recognised deferred tax assets on carried forward tax losses. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plan and budget for the Group.

Note 24: Capital Management

Capital Management

The Group strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future developments and growth of its business. For the purpose of Group's capital management, capital includes issued capital and all other equity reserves. The Group manages its capital structure in light of changes in the economic and regulatory environment and the requirements of the financial covenants. However, in view of certain adverse factors and challenges faced by the Group over past few years as explained in Note 44 to the Consolidated Financial Statements, networth of the Company has been adversely impacted. The Board of Directors of the Holding Company expects that overall financial health of the Company would improve upon submission of resolution plan by the committee of Creditors. However, one of its subsidiary, McNally Sayaji Engineering Limited, has been drawn to Corporate Insolvency Resolution Process (CIRP). The decision is awaited.

Loan Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with various financial covenants. The Group has been under financial stress due to external factors. EBITDA margins of the Group have not been sufficient to service interest/principal repayment even after infusion of funds by the promoters from time to time during the earlier years. The Group has not been able to comply with some of the covenants during the current as well as the previous years. The Holding Company and one of its Subsidiary Companies, McNally Sayaji Engineering Limited has persisting default in repayment of borrowings from Banks and Other Borrowings as on 31st March, 2022 as disclosed in Note 13(a) and 13(b) to the Consolidated Financial Statements.

Note 25: Risk Management

The Group's activities is exposed to credit risk, liquidity risk and market risk.

The Group's risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

Credit risk arises from Cash and Cash Equivalents, other bank balances, investments and other financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and due from customers.

(i) Credit Risk Management

The Group assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

Financial Assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Group or where payer/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the group continues to engage in enforcement activities to attempt to recover the receivable dues.

(ii) Provision for Expected Credit Losses

The Group provides for Expected Credit Loss of trade receivables, due from customers and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Wherever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

Year ended 31st March, 2022

(a) Expected Credit loss for Loans & Investments, Expenses Recoverables and other Financial Assets

| Particulars | | Asset group | Internal credit rating | Estimated gross carrying amount at default | Expected probability of default | Expected Credit Losses | Carrying amount net of impairment provision |
|---|--|---|------------------------|--|---------------------------------|------------------------|---|
| Loss allowance measured at 12 months expected credit losses | Financial Assets for which credit risk has not increased significantly since initial recognition | Loans | VL3 | 1,852.46 | - | - | 1,852.46 |
| | | Investments | VL1 | 117.84 | - | - | 117.84 |
| | | Claims Recoverable | VL3 | 34,474.51 | - | 6,362.14 | 28,112.37 |
| | | Others | VL1 | 9,494.43 | - | - | 9,494.43 |
| Loss allowance measured at life-time Expected Credit Losses | Financial Assets for which credit risk has increased significantly and credit-impaired | Security deposits/ Earnest Money Deposits | VL6 | 2.00 | 100% | 2.00 | - |

During the year, the Holding Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 846.81 Lakhs.

(b) Expected Credit Loss for Due from Customers, Trade Receivables and Claims Recoverable under simplified approach

| Particulars | Internal credit rating | Due from customer | Trade Receivables | Claims Recoverable |
|---|------------------------|-------------------|-------------------|--------------------|
| Gross Carrying Amount | VL3 | 3,009.21 | 1,35,032.81 | 34,474.51 |
| Expected Credit Losses (Loss allowance provision) | | - | 34,841.58 | 6,362.14 |
| Carrying amount (net of impairment) | | 3,009.21 | 1,00,191.23 | 28,112.37 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Year ended 31st March, 2021

(a) Expected Credit Loss for Loans & Investments, Expenses Recoverables and other Financial Assets

| Particulars | | Asset group | Internal credit rating | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|--------------------|------------------------|--|---------------------------------|------------------------|---|
| Loss allowance measured at 12 month Expected Credit Losses | Financial assets for which credit risk has not increased significantly since initial recognition | Loans | VL3 | 1,430.18 | - | - | 1,430.18 |
| | | Investments | VL1 | 120.70 | - | - | 120.70 |
| | | Claims Recoverable | VL3 | 30,400.08 | - | 5,515.33 | 24,884.75 |
| | | Others | VL1 | 2,224.00 | - | - | 2,224.00 |
| | | | | | | | |
| Loss allowance measured at life-time Expected Credit Losses | Financial assets for which credit risk has increased significantly and credit-impaired | Security deposits | VL6 | 2.00 | 100% | 2.00 | - |

During the year, the Holding Company has made provision for expenses recoverable wherein it does not expect to receive future cash flows Rs. 893.32 Lakhs.

(b) Expected Credit Loss for Trade Receivables and due from Customers under simplified approach

| Particulars | | Internal credit rating | Due from customer | Trade Receivables | Claims Recoverable |
|---|---|------------------------|-------------------|-------------------|--------------------|
| Gross Carrying Amount | Loss allowance measured at life-time expected credit losses | VL3 | 288.79 | 1,43,827.36 | 30,400.08 |
| Expected Credit Losses (Loss Allowance Provision) | | | - | 34,466.32 | 5,515.33 |
| Carrying Amount (net of Impairment) | | | 288.79 | 1,09,361.04 | 24,884.75 |

(iii) Reconciliation of loss allowance provisions- Security deposits/ Earnest Money Deposits

| Reconciliation of Loss Allowance | Loss Allowance measured at 12 month expected losses | Loss allowance measured at life-time expected losses | |
|---------------------------------------|---|--|--|
| | | Financial assets for which credit risk has increased significantly and not credit-impaired | Financial assets for which credit risk has increased significantly and credit-impaired |
| Loss allowance as on 31st March, 2020 | - | - | 2.00 |
| Loss allowance as on 31st March, 2021 | - | - | 2.00 |
| Loss allowance as on 31st March, 2022 | - | | - |

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers under simplified approach

| Particulars | Trade Receivables | Due from customers | Total loss allowance |
|---------------------------------------|-------------------|--------------------|----------------------|
| Loss allowance as on 31st March, 2020 | 32,170.81 | - | 32,170.81 |
| Changes in loss allowance | 2,295.51 | - | 2,295.51 |
| Loss allowance as on 31st March, 2021 | 34,466.32 | - | 34,466.32 |
| Changes in loss allowance | 375.26 | - | 375.26 |
| Loss allowance as on 31st March, 2022 | 34,841.58 | - | 34,841.58 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Significant Estimates and Judgements

Impairment of Financial Assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, industry practices existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturity of Financial Liability

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual cash flows, balances due within 12 months and more than 12 months.

| Contractual maturities of Financial Liabilities (31st March, 2022) | Less than 12 months | 12 months to 24 months | More than 24 months | Total |
|--|---------------------|------------------------|---------------------|--------------------|
| Non Derivatives | | | | |
| Borrowings* | 2,30,802.19 | - | 14,788.69 | 2,45,590.87 |
| Interest Accrued | 4,830.15 | - | - | 4,830.15 |
| Trade Payables | 25,863.31 | - | - | 25,863.31 |
| Capital Creditors | 13.00 | - | - | 13.00 |
| Employee Benefits payable | 1,096.03 | - | - | 1,096.03 |
| Lease Liability | 129.60 | 129.60 | 128.28 | 387.48 |
| Security Deposits | 90.29 | - | - | 90.29 |
| Dividend Accrued on Preference Shares | 448.50 | - | - | 448.50 |
| Liabilities for Expenses | 726.43 | - | - | 726.43 |
| Others | 224.14 | - | - | 224.14 |
| Total Non Derivative Financial Liabilities | 2,64,223.64 | 129.60 | 14,916.97 | 2,79,270.21 |

*Excludes the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs.83,804.25 Lakhs

| Contractual maturities of Financial Liabilities (31st March, 2021) | Less than 12 months | 12 months to 24 months | More than 24 months | Total |
|--|---------------------|------------------------|---------------------|-------------|
| Non Derivatives | | | | |
| Borrowings* | 2,28,013.57 | | 13,447.67 | 2,41,461.24 |
| Interest Accrued | 4,830.15 | - | - | 4,830.15 |
| Trade Payables | 26,469.69 | - | 0.68 | 26,470.37 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Contractual maturities of Financial Liabilities (31st March, 2021) | Less than 12 months | 12 months to 24 months | More than 24 months | Total |
|--|---------------------|------------------------|---------------------|--------------------|
| Capital Creditors | 18.51 | - | - | 18.51 |
| Employee Benefits payable | 1,539.01 | - | - | 1,539.01 |
| Lease Liability | 40.00 | 40.00 | 2,413.10 | 2,493.10 |
| Security Deposits | 90.30 | - | - | 90.30 |
| Dividend Accrued on Preference Shares | 448.50 | - | - | 448.50 |
| Liabilities for Expenses | 953.33 | - | - | 953.33 |
| Others | 419.03 | - | - | 419.03 |
| Total Non Derivative Financial Liabilities | 2,62,822.10 | 40.00 | 15,861.45 | 2,78,723.54 |

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 85,148.69 Lakhs.

(C) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the group's functional currency ₹. The risk is measured through the expected foreign currency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than ₹. The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rs. Lakhs is as follow:

| Particulars | As at 31st March, 2022 | | | | As at 31st March, 2021 | | | |
|--|------------------------|-----------------|-------------|-------------|------------------------|-----------------|-------------|-------------|
| | USD | EUR | ZAR | GBP | USD | EUR | ZAR | GBP |
| Financial Assets | | | | | | | | |
| Trade Receivables | 243.00 | 2,023.79 | - | - | 142.00 | 2,139.12 | - | - |
| Advance to Supplier | 36.00 | 4.00 | - | - | 189.00 | 18.00 | - | - |
| Net exposure to foreign currency risk (assets) | 279.00 | 2,027.79 | - | - | 331.00 | 2,157.12 | - | - |
| Financial Liabilities | | | | | | | | |
| Foreign Currency Loan | 502.04 | - | - | - | 487.39 | - | - | - |
| Trade Payables | 114.26 | 1,129.25 | 3.92 | 2.00 | 173.83 | 1,269.02 | 3.53 | 2.00 |
| Advance from Customers | 29.00 | 1,575.72 | - | - | 210.00 | 1,937.61 | - | - |
| Net exposure to foreign currency risk (liabilities) | 645.30 | 2,704.97 | 3.92 | 2.00 | 871.22 | 3,206.63 | 3.53 | 2.00 |

(b) Sensitivity:

Impact on Profit

| Particulars | Increase/(Decrease) in profit before tax | |
|--|--|----------------|
| | March 31, 2022 | March 31, 2021 |
| USD sensitivity | | |
| INR/USD -Increase by 5% (31st March, 2020-5%)* | (18.32) | (27.01) |
| INR/USD -Decrease by 5% (31st March, 2020-5%)* | 18.32 | 27.01 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | Increase/(Decrease) in profit before tax | |
|---|--|---------|
| EUR sensitivity | | |
| INR/EUR-Increase by 5% (31st March, 2020-5%)* | (33.86) | (52.48) |
| INR/EUR-Decrease by 5% (31st March, 2020-5%)* | 33.86 | 52.48 |
| ZAR sensitivity | | |
| INR/ZAR-Increase by 5% (31st March, 2020-5%)* | (0.20) | (0.18) |
| INR/ZAR-Decrease by 5% (31st March, 2020-5%)* | 0.20 | 0.18 |
| GBP sensitivity | | |
| INR/GBP-Increase by 5% (31st March, 2020-5%)* | (0.10) | (0.10) |
| INR/GBP-Decrease by 5% (31st March, 2020-5%)* | 0.10 | 0.10 |

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During the year ended 31st March, 2022 and 31st March, 2021, the group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Group's borrowings to interest rate changes at end of reporting period are as follow:

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--------------------------|--------------------|--------------------|
| Variable rate borrowings | 2,18,674.79 | 2,16,783.41 |
| Fixed rate borrowings* | 26,916.08 | 25,165.23 |
| Total borrowings | 2,45,590.87 | 2,41,948.64 |

The Group has not entered into interest rate swaps to hedge against fluctuating market interest rates.

* Including interest free ICDs availed by the Holding Company amounting to Rs. 14,788.67 Lakhs (31st March, 2021: 13,444.26 Lakhs) arising due to conversion of amount received from certain companies into long term borrowings.

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 83,804.25 Lakhs (31st March, 2021 : Rs. 85,148.70 Lakhs).

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | Increase/(Decrease) in profit before tax | |
|---|--|------------------|
| | 31st March, 2022 | 31st March, 2021 |
| Interest rates increase by 50 basis points (50 bps) * | (91.54) | (91.54) |
| Interest rates decrease by 50 basispoints (50 bps) * | 91.54 | 91.54 |

* Holding all other variables constant

However, the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited have not recognised interest expense during the financial year ended 31st March, 2022. (Refer Note 49 to the Consolidated Financial Statements).

Note 26: Fair Value Measurements

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at 31st March, 2022 and 31st March, 2021.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | 31st March, 2022 | | | 31st March, 2021 | | |
|---------------------------------------|------------------|----------|--------------------|------------------|----------|--------------------|
| | FVTPL | FVOCI | Amortised Cost | FVTPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Investments | | | | | | |
| - Equity instruments | 39.22 | - | - | 31.68 | - | - |
| - Mutual funds | 78.62 | - | - | 89.02 | - | - |
| Trade Receivables | - | - | 1,00,191.23 | - | - | 1,09,361.04 |
| Loans | - | - | 1,852.46 | - | - | 1,430.18 |
| Cash and Cash Equivalents | - | - | 4,502.27 | - | - | 3,823.23 |
| Other Bank Balances | - | - | 116.00 | - | - | 365.72 |
| Security deposits | - | - | 5,643.37 | - | - | 1,072.93 |
| Advance to Employees | - | - | 3.17 | - | - | 55.18 |
| Due from customers | - | - | 3,009.21 | - | - | 598.64 |
| Deposits with bank | - | - | 209.58 | - | - | - |
| Claims Recoverable | - | - | 28,109.00 | - | - | 24,881.72 |
| Others | - | - | 629.10 | - | - | 497.25 |
| Total Financial Assets | 117.84 | - | 1,44,265.39 | 120.70 | - | 1,42,085.89 |
| Financial Liabilities | | | | | | |
| Borrowings | - | - | 2,45,590.87 | - | - | 2,41,461.24 |
| Interest accrued | - | - | 4,830.15 | - | - | 4,830.15 |
| Trade payables | - | - | 25,863.31 | - | - | 26,470.37 |
| Capital creditors | - | - | 13.00 | - | - | 18.51 |
| Employee Benefits payable | - | - | 1,096.03 | - | - | 1,539.01 |
| Lease Liability | - | - | 387.48 | - | - | 2,493.10 |
| Security deposits | - | - | 90.29 | - | - | 90.30 |
| Dividend Accrued on Preference Shares | - | - | 448.50 | - | - | 448.50 |
| Liabilities for Expenses | - | - | 726.43 | - | - | 953.33 |
| Others | - | - | 224.14 | - | - | 419.03 |
| Total Financial Liabilities | - | - | 2,79,270.20 | - | - | 2,78,723.54 |

*Excluding the amount of Fair Value Gain recognised by the Holding Company, under Other Reserves, on Financial Liabilities Rs. 83,804.25 Lakhs (31st March, 2021 : Rs. 85,148.70 Lakhs)

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial Assets and Liabilities measured at fair value - recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|--------------|----------|---------------|
| As at 31st March, 2022 | | | | |
| Financial Assets | | | | |
| <i>Financial instruments at FVTPL</i> | | | | |
| Listed Equity Investments | 39.22 | - | - | 39.22 |
| Mutual Funds | - | 78.62 | - | 78.62 |
| Total Financial Assets | 39.22 | 78.62 | - | 117.84 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Financial Assets and Liabilities measured at fair value At 31st March, 2021 | Level 1 | Level 2 | Level 3 | Total |
|--|--------------|--------------|----------|---------------|
| Financial Assets | | | | |
| Financial instruments at FVTPL | | | | |
| Listed Equity Investments | 31.68 | - | - | 31.68 |
| Mutual Funds | - | 89.02 | - | 89.02 |
| Total Financial Assets | 31.68 | 89.02 | - | 120.70 |

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date

(iii) Fair value of the Financial Asset and Liabilities measured at Amortised Cost

| Particulars | 31st March, 2022 | | 31st March, 2021 | |
|---------------------------|------------------|-------------|------------------|-------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | | | | |
| Security deposits | 5,643.37 | 5,643.37 | 1,072.93 | 1,072.93 |
| Loans | 1,852.46 | 1,852.46 | 1,430.18 | 1,430.18 |
| Cash and Cash Equivalents | 4,502.27 | 4,502.27 | 3,823.23 | 3,823.23 |
| Other Bank Balances | 116.00 | 116.00 | 365.72 | 365.72 |
| Due from customers | 3,009.21 | 3,009.21 | 598.64 | 598.64 |
| Advance to Employees | 3.17 | 3.17 | 55.18 | 55.18 |
| Deposits with bank | 209.58 | 209.58 | - | - |
| Trade receivables | 1,00,191.23 | 1,00,191.23 | 1,09,361.04 | 1,09,361.04 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | 31st March, 2022 | | 31st March, 2021 | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Claims Recoverable | 28,109.00 | 28,109.00 | 24,881.72 | 24,881.72 |
| Others | 629.10 | 629.10 | 497.25 | 497.25 |
| Total Financial Assets | 1,44,265.40 | 1,44,265.40 | 1,42,085.89 | 1,42,085.89 |
| Financial Liabilities | | | | |
| Borrowings | 2,45,590.87 | 2,45,590.87 | 2,41,461.24 | 2,41,461.24 |
| Interest accrued | 4,830.15 | 4,830.15 | 4,830.15 | 4,830.15 |
| Trade payables | 25,863.31 | 25,863.31 | 26,470.37 | 26,470.37 |
| Capital creditors | 13.00 | 13.00 | 18.51 | 18.51 |
| Employee Benefits payable | 1,096.03 | 1,096.03 | 1,539.01 | 1,539.01 |
| Lease Liability | 387.48 | 387.48 | 2,493.10 | 2,493.10 |
| Security deposits | 90.29 | 90.29 | 90.30 | 90.30 |
| Dividend Accrued on Preference Shares | 448.50 | 448.50 | 448.50 | 448.50 |
| Liabilities for Expenses | 726.43 | 726.43 | 953.33 | 953.33 |
| Others | 224.14 | 224.14 | 419.03 | 419.03 |
| Total Financial Liabilities | 2,79,270.21 | 2,79,270.21 | 2,78,723.55 | 2,78,723.55 |

Trade Receivables, advances to suppliers and expenses recoverable are subject to confirmation, reconciliation and settlement of certain disputes from respective parties and consequential reconciliation and adjustments arising therefrom, if any. The management, however, does not expect any material variation. Management is also hopeful for recovery/realisation of these assets in the normal course of business. Hence, in view of the management, Short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

Initial recognition of financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

Note 27: Related Party Disclosures

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

- (i) McNally Sayaji Engineering Limited (MSEL)
- (ii) McNally Bharat Equipments Limited (MBEL) #
- (iii) MBE Mineral Technologies Pte Limited #
- (iv) MBE Minerals Zambia Limited #
- (v) McNally Bharat Engineering (SA) Proprietary Limited (deregistered w.e.f. June 30, 2017)#
- (vi) MBE Coal & Mineral Technology India Private Limited (wholly owned subsidiary of MSEL)

(b) Joint Venture

- (i) EMC MBE Contracting Company LLC #
 - (ii) McNally- Trolex
 - (iii) McNally- AML
 - (iv) McNally- Trolex- Kilburn
- # There is no transaction during the year

(c) Post employment benefit plan of the Company

- (i) McNally Bharat Executive Staff Gratuity Fund
- (ii) McNally Bharat Employees Provident Fund

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

(d) Key Managerial Personnel

- (i) Mr. Aditya Khaitan - Chairman
- (ii) Mr. Srinivash Singh - Managing Director
- (iii) Mr. Brij Mohan Soni - Chief Financial Officer
- (iv) Mr. Rahul Banerjee- Company Secretary (Resigned w.e.f 22-10-2021)
- (v) Mrs Indrani Roy- Company Secretary (Appointed w.e.f 7-12-2021)
- (vi) Ms. Arundhati Dhar - Independent Director
- (vii) Mr. A.K Barman - Independent Director
- (viii) Mr. Nilotpall Roy- Independent Director

(ix) Ms. Kasturi Roychoudhury - Independent Director

The following transactions were carried out with Related Parties in the ordinary course of business:

| Description | McNally- Trolex | McNally- AML | McNally- Trolex- Kilburn |
|---|-----------------|--------------|--------------------------|
| Sale of Goods/fixed assets | 2,532.99 | 2,689.48 | 2,232.38 |
| | - | (529.88) | - |
| Reimbursement of Expenses Paid Reimbursement of Expenses Paid | - | - | - |
| | (0.13) | (0.13) | (0.13) |
| Reimbursement of Expenses Received Reimbursement of Expenses Paid | 0.54 | - | - |
| | - | - | - |
| Rent received | - | 1.70 | 1.70 |
| | (0.82) | (0.54) | (0.82) |

Balances Outstanding of Joint Ventures

| Description | EMC MBE Contracting Co LLC | McNally- Trolex | McNally- AML | McNally- Trolex- Kilburn |
|--|----------------------------|-----------------|--------------|--------------------------|
| Investment at the year end | 152.31 | - | - | - |
| | (152.31) | - | - | - |
| Provision for impairment in value of investments | 152.31 | - | - | - |
| | (152.31) | - | - | - |
| Outstanding Receivables/Loans | 67.06 | 0.40 | 2.37 | 2.65 |
| | (67.06) | - | 625.66 | - |
| Allowance for doubtful receivables | 67.06 | - | - | - |
| | (67.06) | - | - | - |
| Security Deposit/Rent Receivables | - | 625.97 | 2,749.16 | 773.96 |
| | - | 200.82 | 300.54 | 200.82 |

Bracket indicates previous year figure

| Transactions with Key Managerial Personnel | 2021-22 | | | 2020-21 | | |
|--|--------------|--------------|--|--------------|--------------|--|
| | Remuneration | Sitting fees | Outstanding Balance payable as at year end | Remuneration | Sitting fees | Outstanding Balance payable as at year end |
| Mr. Srinivash Singh | 201.84 | - | 11.75 | 182.60 | - | 11.87 |
| Mr. Brij Mohan Soni | 64.17 | - | 3.93 | 39.67 | - | 5.26 |
| Mr. Manoj Kumar Digga | - | - | - | 43.90 | - | - |
| Mr. Indranil Mitra | 12.69 | - | 2.43 | - | - | - |
| Mr. Rahul Banerjee | 6.46 | - | - | 10.74 | - | 0.96 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Transactions with Key Managerial Personnel | 2021-22 | | | 2020-21 | | |
|--|--------------|--------------|--|--------------|--------------|--|
| | Remuneration | Sitting fees | Outstanding Balance payable as at year end | Remuneration | Sitting fees | Outstanding Balance payable as at year end |
| Mr. Aditya Khaitan | - | 1.80 | 0.40 | - | 1.00 | - |
| Ms. Arundhati Dhar | - | 3.40 | 1.40 | - | 2.00 | - |
| Mr. A.K Barman | - | 3.40 | 1.40 | - | 2.00 | - |
| Mr. Nilotpal Roy | - | 1.60 | 0.60 | - | 0.80 | - |
| Ms. Kasturi Roy Choudhury | - | 1.60 | 0.60 | - | 1.00 | - |
| Mr. Saroj Kant Singh (Relative to KMP) | 25.72 | - | 1.68 | 22.85 | - | 1.68 |

| Remuneration includes | 2021-22 | | 2020-21 | |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
| | Short term employee benefits | Post employment benefits | Short term employee benefits | Post employment benefits |
| Mr. Srinivash Singh | 201.84 | - | 182.60 | - |
| Mr. Brij Mohan Soni | 60.92 | 3.25 | 37.83 | 1.84 |
| Mr. Manoj Kumar Digga | - | - | 41.05 | 2.86 |
| Mr. Rahul Banerjee | 6.15 | 0.31 | 10.19 | 0.55 |
| Mr. Indranil Mitra | 12.12 | 0.57 | - | - |
| Mr. Saroj Kant Singh (Relative to KMP) | 25.72 | 1.26 | 22.85 | 1.24 |

- a) This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.
- b) Transactions with related parties mentioned above are as per terms and contracts approved by the board. All transactions disclosed above were made on normal commercial terms and conditions and wherever applicable linked with market rates.

Details of contribution to post employment benefit plans

| Remuneration includes | 2021-22 | 2020-21 |
|--|---------|---------|
| McNally Bharat Executive Staff Gratuity Fund | 76.98 | 96.39 |
| McNally Bharat Employees Provident Fund* | 228.62 | 267.99 |

*Considered only Employer Contribution

Note 27: Capital Commitments

There is no capital commitment as at Balance sheet date.

Note 28: Capital Commitments

There is no capital commitment as at Balance sheet date.

Note 29: Lease

The Group has also leasing arrangements in respect of operating leases for premises (guest house, offices etc.). These leasing arrangements which are cancellable in nature are renewable by mutual consent and agreement. The aggregate of such lease rentals on account of short-term leases and low-value assets are charged as rent to the Consolidated Statement of Profit and Loss.

Amount Recognized in the Consolidated Statement of Profit and Loss Account or Carrying Amount of Another Asset

| Particulars | 2021-22 | 2020-21 |
|---|------------|-------------|
| Depreciation recognized | 169 | 174 |
| Interest on lease liabilities | 229 | 305 |
| Expenses relating to short-term leases & of low-value assets | 191 | 280 |
| Total cash outflow for leases | 511 | 618 |
| Additions to ROU during the year | 195 | - |
| Deletion from Right of Use Assets during the year | (1,730) | - |
| Net Carrying amount of Right of Use at the end of the year | 339 | 2043 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Note 30:

MBE Minerals Technology Pte Ltd (MBEMT), a wholly owned subsidiary has sold its entire 99% stake in MBE EWB Kft to MBE CMT GmbH, its associate company, for Rs. 1,375.50 Lakhs (USD 2.1 million) on August 14, 2017 through sale agreement pursuant to which 75% of the consideration was to be received by December 31, 2017 and remaining 25% was to be received by March 31, 2018. MBEMT has not received any consideration by the specified dates, the settlement date for the consideration had been extended to September 30, 2018 videan addendum to the agreement dated March 27, 2018. Due to non-receipt of such consideration, MBE Minerals Technology Pte Ltd (MBEMT) has been impaired during the financial year ended 31st March, 2019.

Note 31: Contingent Liabilities

a. The details of Contingent Liabilities are as under:

| Particulars | As at 31st March, 2022 | As at 31st March, 2021 |
|---|----------------------------------|----------------------------------|
| Claims against the Group (including under litigation/arbitration) not acknowledged as debt (Refer note (e) below) | 48,242.62 | 45,031.46 |
| Other money for which the Company is contingently liable: | 50,545.77 | 48,282.33 |
| Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed | 8,593.28 | 5,479.10 |
| Other demands related to claims made by certain ex-employees towards employee benefits due to them | 41.00 | 41.00 |
| Civil Suits filed by Customer for Equipment issue | 117.00 | 117.00 |
| Civil Suits filed by Suppliers | 132.00 | 132.00 |
| Demand from Jharkhand Mineral Area Development Authority | 1,054.70 | 1,054.70 |
| Arbitration with Odisha Mining Corporation | 445.00 | 445.00 |
| Others | | |
| Bank Gurantees issued by company-Performance , Security and Earnest Money deposit | 36,522.79 | 47,774.97 |
| Liquidated damages relating to contract sales | Amount not readily ascertainable | Amount not readily ascertainable |

b. The banks have issued guarantees on behalf of the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited to various parties for performance, security and earnest money deposit aggregating to Rs.36,522.79 Lakhs as on 31st March, 2022 (Rs. 47,774.97 lakhs as on 31st March, 2021) for which the Group is contingently liable for payment.

Note 31: Contingent Liabilities (contd.)

c. Tata Capital Financial Services Limited (TCFSL), one of the Non-Convertible Redeemable Preference Shareholders of the Holding Company has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of Rs. 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the holding company. The Arbitrator has issued interim directions to deposit an amount of Rs 2,831.63 Lakhs in Specifically designated Escrow Account or alternatively furnish an unconditional and irrevocable bank guarantee of such amount. The order also restrained an Injunction of any dealing of share of McNally Sayaji Engineering Limited which is pledged against the loan. Further, the Holding Company submitted an affidavit, the details of all its assets , properties (Movable or immovable) which is restrained for any dealing , transfer and disposing the assets. Further, TCFSL had filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("the IBC") before the National Company Law Tribunal ("the NCLT") to initiate Corporate Insolvency Resolution Process ("the CIRP") against the Company. The NCLT has dismissed the application filed by the TCFSL not being a financial creditor as per the provisions of the IBC. Further, TCFSL had filed an application with ("the NCALT").

d. The Director General of GST Intelligence (DGGI) Kolkata had conducted investigation in 2019-20 at the Corporate Office of the Company and denied Input Tax Credit of Rs. 945.04 Lakhs and also denied Input tax Credit Rs 200 Lakhs in 2020-21 availed by the Company. Pending adjudication of the matter, the Company has included the Input Tax Credit in Note- 11(b) under Balance

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

with Statutory/Government authorities.

e. In earlier year, the holding company, McNally Bharat Engineering Company Limited had entered a put option agreement with EIG (Mauritus) Limited, who invested in its subsidiary (McNally Sayaji Engineering Limited) and the Subsidiary Company was also a party to the said agreement. In order to exercise the put option, the investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore against the Holding Company and the Subsidiary Company, McNally Sayaji Engineering Limited as Respondent No. 1 and Respondent No. 2 respectively. The Arbitrator issued a dissenting opinion requiring the respondents to pay damages amounting to Rs. 21,102.69 Lakhs (including interest) and legal cost. Thereafter Corporate Insolvency Resolution Process (CIRP) has since been initiated against the Subsidiary Company on and from 11th February, 2021 and also in Holding Company, Hence EIG (Mauritus) Limited has submitted claim as financial debts under the Insolvency & Bankruptcy Code 2016.

Future cash outflows in respect of the above matters are determinable only on receipts of judgments / decisions pending at various forums / authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position and result of operations.

Details of Corporate Guarantees given and covered under Section 186(4) of the Companies Act, 2013:-

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|------------------|------------------|
| Particulars | | |
| By the Holding Company | | |
| On behalf of MBE Coal & Mineral India Private Limited (Banking Facility) | 3,000.00 | 2,850.00 |
| On behalf of McNally Sayaji Engineering Limited (ECB & Rupee Term Loan) | 5,000.00 | 5,000.00 |
| By the Subsidiary Company, McNally Sayaji Engineering Limited | | |
| "On behalf of the Holding Company (to the extent of value of earstwhile product division(Kumardubi Unit-I) [refer note 3 & Note 53]" | 5,950.00 | 5,950.00 |
| Total | 13,950.00 | 13,800.00 |

Note 32 : Excess Remuneration paid to Key Managerial Personnel of the Holding Company

The Company has received the lender and Shareholder approval in terms of Section 197(17) of the Companies Act, 2013 in respect of the waiver of recovery of excess remuneration paid/payable to the Managing Director of the Company amounting to Rs141.84 Lakhs (Previous Year: Rs. 98.60 Lakhs) for the year.

Note 33 : Details of future foreseeable losses under construction contracts

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|------------------|------------------|
| Provision for future foreseeable losses | 1,009.31 | 2,208.42 |

Note 34: Disclosure for Construction Contracts

The details as required in respect of Construction Contracts under Ind AS 115 in respect of the Holding Company are as under.

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|---------------------|---------------------|
| Contract costs incurred | 18,33,195.82 | 18,06,627.82 |
| Add : Recognised profit net of recognised losses | (44,979.37) | (34,531.08) |
| Contract Revenues | 17,88,216.45 | 17,72,096.74 |
| Progress Billing | 16,81,033.40 | 16,65,359.36 |
| Unbilled Revenue (Net) | 5,959.05 | 5,513.39 |
| Due from Customers | 5,959.05 | 5,513.39 |
| Less: Allowance for doubtful amount | 2,586.53 | 3,016.17 |
| Less: Provision for future foreseeable losses | 1,009.31 | 2,208.42 |
| Net Due from Customers | 2,363.22 | 288.79 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

| Particulars | 31st March, 2022 | 31st March, 2021 |
|---|------------------|-------------------|
| Due to Customers | - | - |
| Add: Provision for future foreseeable losses | - | - |
| Net Due to Customers | - | - |
| Advance payments received | (636.02) | (4,476.77) |
| Retention amount | 29,348.04 | 30,314.72 |
| Provision for future foreseeable losses recognised | 1,009.31 | 2,208.42 |

Refer Note 25(A)(ii) for Loss Allowances on Trade Receivables

Sale of equipments and contract revenue in respect of construction contracts as reported in this account is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the Company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.

The Holding Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Holding Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

Note 35

On Commencement of CIRP of one of its Subsidiary Company, McNally Sayaji Engineering Limited as per the advice of RP, complete evaluation of the Non-moving and slow-moving inventories of the Subsidiary Company, including physical verifications vis-à-vis fair estimates of Net Realizable Value (NRV) of the stock of Raw Materials, Stores and Work in Progress have been conducted. Based on the above evaluation, some items of Raw Material Stock and Work in Progress of estimated value of ₹ 3,075 Lakhs in aggregate are considered and charged as Exceptional Items in the Consolidated Financial Statements of the Company.

Note 36: Interest in Other Entities

(a) Interest in Subsidiaries

The group's subsidiaries as at 31st March, 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of Entity | Place of business/ country of incorporation | Ownership interest held by the group | | Ownership interest held by non controlling interests | |
|---|---|---|------------------------------------|---|------------------------------------|
| | | Year ended 31st March , 2022 | Year ended 31st March , 2021 | Year ended 31st March , 2022 | Year ended 31st March , 2021 |
| | | % | % | % | % |
| i) McNally Sayaji Engineering Limited | India | 81.56 | 81.56 | 18.44 | 18.44 |
| ii) McNally Bharat Equipments Limited | India | 99.40 | 99.40 | 0.60 | 0.60 |
| iii) MBE Minerals Zambia Limited | Zambia | 100.00 | 100.00 | - | - |
| iv) MBE Mineral Technologies Pte Limited | Republic of Singapore | 100.00 | 100.00 | - | - |
| v) MBE Coal & Mineral Technology India Private Limited (Step-down Subsidiary) | India | 81.56 | 81.56 | 18.44 | 18.44 |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

The Holding Company, McNally Bharat Engineering Company Limited had pledged its investment to the extent of 23,37,211 Equity Shares as security against the term loan facilities granted to McNally Sayaji Engineering Limited, one of its subsidiary company, from ICICI Bank Limited. During the quarter ended 31st December, 2020, ICICI Bank Limited has invoked pledge created over these shares for a transfer value of Re. 1 adjusted towards the over dues amount of the Company. The Company has objected the invocation of the said share pledge and undervalued transfer. The Company has also filed a claim amounting to Rs 73.75 Cr (including invocation of pledged shares) with Resolution Professional of MSEL in March, 2021. Further the company filed for compensation for such invocation at average cost price of shares of MSEL amounting to Rs 40.79 Cr. Accordingly, the Company has not made any adjustment in respect of number of shares as well as impairment to the carrying value of Investments/ Receivables from MSEL as on 31st March, 2022 pending approval of Resolution plan from COC of the said Subsidiary.

(b) Interest in Joint Venture

Set out below is the Joint Venture of the Group as at 31st March, 2022, which has share capital consisting solely of equity shares and are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Financial Statements of the Joint Ventures of the Holding Company whose carrying value in the Financial Statements of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Statements.

| Name of Entity | Place of business/ country of incorporation | Proportion of Ownership | | Carrying Amount | |
|---------------------------------|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | Year ended 31st March , 2022 | Year ended 31st March , 2021 | Year ended 31st March , 2022 | Year ended 31st March , 2021 |
| | | % | % | Rs. Lakhs | Rs. Lakhs |
| i) EMC MBE Contracting Co LLC | Oman | 35.00% | 35.00% | - | - |
| ii) McNally-AML (JV) | India | 98.00% | 98.00% | - | - |
| iii) McNally-Trolex (JV) | India | 97.00% | 97.00% | - | - |
| iv) McNally-Trolex-Kilburn (JV) | India | 80.00% | 80.00% | - | - |

Note: Profit/Loss for the year of Joint Ventures which are not material have not been considered in the Financial Statements.

Note 37: Earnings Per Share

| Particulars | Year ended 31st March , 2022 | Year ended 31st March , 2021 |
|--|---------------------------------|---------------------------------|
| (a) Basic Earnings Per Share | | |
| Profits/(Losses) attributable to the Equity Holders of the Group | (11,254.61) | (4,471.53) |
| Total Basic Earnings Per Share attributable to the equity holders of the Group | (5.32) | (2.11) |
| (b) Diluted Earnings Per Share | | |
| Profits/(Losses) attributable to the equity holders of the Group | (11,254.61) | (4,471.53) |
| Total Diluted Earnings Per Share attributable to the Equity holders of the Group | (5.32) | (2.11) |

(c) Weighted average numbers of shares used as denominator

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|------------------|------------------|
| | Number of shares | Number of shares |
| Weighted average number of equity shares and potential equity shares used as the denominator in calculating basic earnings per share | 21,15,70,757 | 21,15,70,757 |

Note 38: Segment information

The Group is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decision maker as defined, the Group's operation comprises of only one reporting segment. Accordingly, there are no separate reportable segments, as

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

per Indian Accounting Standard 108 on "Segment Reporting".

Disclosure required under Ind AS 108 "Operating Segments" for Companies with single segment are as follows :

| Particulars | 31st March, 2022 | 31st March, 2021 |
|-------------------------------|------------------|------------------|
| Revenue from Customers | | |
| - India | 41,451.74 | 48,497.85 |
| - Outside India | 975.00 | 1,654.00 |
| | 42,426.74 | 50,151.85 |
| Non-current Assets | | |
| - India | 73,585.34 | 77,961.82 |
| - Outside India | 2,197.00 | 142.00 |
| | 75,782.34 | 78,103.82 |

External customers individually accounting for more than 10% of the revenues have generated Nil revenue from operations for the Group in the current year. (Year ended 31st March, 2021- Nil)

Note 39: Assets pledged as Security

The carrying amounts of assets pledged as Security for Current and Non-current Borrowings are:

| Particulars | Notes | March 31, 2022 | March 31, 2021 |
|--|-------|--------------------|--------------------|
| Current | | | |
| Financial Assets | | | |
| Trade Receivables | 7(a) | 99,252.23 | 1,08,738.97 |
| Loans | 7(c) | 1,852.46 | 1,430.18 |
| "Cash and Cash Equivalents (including other Bank Balances)" | 7(b) | 4,618.27 | 4,188.95 |
| Other Financial Assets | 7(d) | 36,818.85 | 26,625.64 |
| Non-Financial Assets | | | |
| Inventories | 10 | 5,465.82 | 9,449.35 |
| Other Current Assets | 11(b) | 44,996.32 | 46,855.47 |
| Total Current Assets pledged as security | | 1,93,003.97 | 1,97,288.58 |
| Non-current | | | |
| Investments* | 6 | 117.84 | 120.70 |
| Trade Receivables | 7(a) | 939.00 | 622.07 |
| Property, Plant and Equipment | 3 | 13,473.15 | 14,691.90 |
| Capital work in progress | 3 | 482.62 | 483.51 |
| Investment Property | 4 | 355.42 | 358.42 |
| Other Intangible Assets | 5 | 53.15 | 51.32 |
| Total non-currents assets pledged as security | | 15,421.19 | 16,327.93 |
| Total assets pledged as security | | 2,08,425.16 | 2,13,616.50 |

Note:

Pursuant to the Scheme of Arrangement between the holding company and the subsidiary company McNally Sayaji Engineering Limited (MSEL), the existing charges on the assets of the erstwhile Products Division of Holding Company for facilities enjoyed by it will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain property, plant and equipment of the subsidiary company (net written down value as at 31.03.2022 of Rs. 457 Lakhs (31.03.2021 Rs. 472 Lakhs) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit 1)[Refer Note 31]

Current assets are pledged for working capital loans and cash credit facilities.

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

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

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Investments of the Holding Company in Mutual Funds of Rs. 89.02 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid during the year, however lien against the investment pledged has not been satisfied till date.

The Holding Company has pledged its Investments to the extent of 1,600,000 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by the Company.

The Holding Company has pledged its Investment to the extent of 2,337,211 Equity Shares of McNally Sayaji Engineering Limited as security against loans taken by its Subsidiary Company namely McNally Sayaji Engineering Limited which has been invoked by ICICI Bank Limited during quarter ended 31.03.2020, which is under dispute as referred to in Note 36 to the Consolidated Financial Statements, necessary adjustment pending.

The Holding Company has executed a non-disposal undertaking and a first ranking pledge agreement over 6,331,487 Equity Shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to Rs. 6,682 Lakhs.

Note 40: Dues to Micro, Small and Medium Enterprises

The amount due to Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Group. The disclosures relating to Micro and Small Enterprises are as below:

| Particulars | 31st March, 2022 | 31st March, 2021 |
|--|------------------|------------------|
| Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end | 540.96 | 407.81 |
| Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end | 175.64 | 106.73 |
| Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year | 124.59 | 638.02 |
| Interest due and payable for principal already paid | 2.00 | - |
| Total interest accrued and remaining unpaid at the end of each accounting year | 177.64 | 106.73 |
| Amount of further interest remaining due and payable even in the succeeding years | 146.00 | |

Note 41

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court at Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal, Kolkata on September 01, 2009, for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand, Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. April 01, 2008. As per the Scheme of Arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/or encumbrances shall extend over or apply to any other asset(s) of MSEL. Thus the existing charges on the assets of the Products Division for facilities enjoyed by MBECL will continue and vice versa. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of the Company are secured by assets which include those of the Product Division of MSEL.

Note 42

The Holding Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The Holding Company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The Holding Company has a legitimate claim of Rs. 1,517 Lakhs towards receivable and Rs. 1,133 Lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of Rs. 7,334 Lakhs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on October 25, 2010 has upheld Elsamex S A's claim and has given award in favour of Elsamex S A. Under the award, a total amount of Rs. 3,535 Lakhs is receivable by the Holding Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the Hon'ble High Court for a stay in the matter of payment of award money. The matter is still pending for hearing.

Note 43 : Additional Information required by Schedule III to the Act

| Name of the Entity in the Group | Net Assets (total assets minus liabilities) | | Share in profit or loss | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|--|---|--------------------|------------------------------------|--------------------|--|--------------------|--|--------------------|
| | As a % Consolidated Net Assets | Amount (Rs. Lakhs) | As a % Consolidated Profit or Loss | Amount (Rs. Lakhs) | As a % Consolidated Other Comprehensive Income | Amount (Rs. Lakhs) | As a % Consolidated Total Comprehensive Income | Amount (Rs. Lakhs) |
| Holding Company McNally Bharat Engineering Company Limited | | | | | | | | |
| 31st March 2022 | 10.20% | (1,639.37) | 63.99% | (7,714.23) | 33.65% | 17.75 | 64.12% | (7,696.48) |
| 31st March 2021 | -269.67% | 7,380.90 | 94.91% | (5,003.58) | 45.65% | 17.75 | 95.27% | (4,985.83) |
| Subsidiaries (Group's Share) McNally Sayaji Engineering Limited | | | | | | | | |
| 31st March 2022 | -11.49% | 1,847.68 | 29.38% | (3,542.17) | 54.12% | 28.55 | 29.27% | (3,513.62) |
| 31st March 2021 | -194.95% | 5,335.66 | -6.71% | 535.85 | 37.76% | 14.68 | -6.93% | 550.53 |
| MBE Mineral Technologies Pte Ltd. | | | | | | | | |
| 31st March 2022 | -0.99% | 159.07 | 0.00% | - | 0.00% | - | 0.00% | - |
| 31st March 2021 | 106.06% | (2,902.81) | 0.04% | (3.45) | 0.00% | - | 0.04% | (3.45) |
| McNally Bharat Equipment Limited | | | | | | | | |
| 31st March 2022 | -0.05% | 7.54 | -0.02% | 1.91 | 0.00% | - | -0.02% | 1.91 |
| 31st March 2021 | -0.22% | 5.91 | 0.00% | (0.18) | 0.00% | - | 0.00% | (0.18) |
| MBE Minerals Zambia Limited | | | | | | | | |
| 31st March 2022 | 2.28% | (365.93) | 0.00% | (0.04) | 0.00% | - | 0.00% | (0.04) |
| 31st March 2021 | 10.68% | (292.21) | 0.00% | (0.03) | 0.00% | - | 0.00% | (0.03) |
| McNally Bharat Engineering (SA) Proprietary Limited | | | | | | | | |
| 31st March 2022 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| 31st March 2021 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Non-Controlling Interest | | | | | | | | |
| 31st March 2022 | -7.66% | 1,231.51 | 6.64% | (800.74) | 12.23% | 6.45 | 6.62% | (794.28) |
| 31st March 2021 | -44.99% | 2,019.79 | 10.03% | 121.16 | 16.60% | 6.45 | 10.00% | (794.28) |

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

| | | | | | | | | |
|---|----------------|--------------------|----------------|--------------------|----------------|--------------|----------------|--------------------|
| Adjustment for change in ownership interest | | | | | | | | |
| 31st March 2022 | | (17,307.92) | | | | | | |
| 31st March 2021 | | (14,251.96) | | | | | | |
| Total | | | | | | | | |
| 31st March 2022 | 100.00% | (16,076.39) | 100.00% | (12,055.26) | 100.00% | 52.75 | 100.00% | (12,002.52) |
| 31st March 2021 | 100.00% | -2,704.72 | 100.00% | (4,350.22) | 100.00% | 38.88 | 100.00% | (4,311.34) |

Note 44

Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing off, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Holding Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) has been initially appointed as the Interim Resolution Professional (IRP). Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vest in the IRP/Resolution Professional (RP). Committee of Creditors (COC) have been constituted on 25.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP.

Note 45

The Holding company and its subsidiary McNally Sayaji Engineering Limited (MSEL) are under CIRP hence ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and submission of viable resolution plan by the prospective investor. Under the CIRP, a resolution plan needs to be presented to and approved by the COC and thereafter will need to be approved by the NCLT to keep the Company as going concern. In view of the opinion of the Directors and KMP's, resolution and revival of the Holding and such subsidiary Company is possible in the foreseeable future. The IRP/RP is expected to make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the Consolidated financial statements of the holding company have been prepared on going concern basis.

Note 46

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. 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 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 till the conclusion of CIRP. Therefore, no impact has been considered in Consolidated Financial Statements as of now.

Note 47

During the year ended 31st March, 2019, the Holding Company had deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 Lakhs, into interest free long term loans /ICDs, repayable in five equated annual instalments commencing after the payment of lender obligation. Fair valuation gain of Rs. 83,804.27 Lakhs (31st March, 2021, Rs. 85,148.70 Lakhs) arising out of aforesaid transaction had been considered as part of "Other Reserves" (Note 12(b)(v)) and Rs. 14,788.69 Lakhs (31st March, 2021 Rs. 13,444.26 Lakhs) had been considered as "Long term borrowings" (Note 13(a)) for which consents have been obtained from the counter parties during the year ended 31st March, 2020.

Note 48

The management has reviewed trade receivables, claims recoverable against bank guarantees invoked by certain parties, advances to suppliers and Loans to others. Accordingly, no provision has been made against its during the year ended 31st March, 2022.

Note 49

The Holding Company and one of its subsidiaries McNally Sayaji Engineering Limited have been categorised as Non Performing Asset by the lender banks and majority of the lender banks have stopped debiting interest on their outstanding debts. Accordingly, the Holding Company and its subsidiary have not recognised interest expense on the borrowings including Inter-Corporate Deposits. Total interest not recognised by the holding company is Rs 96,472.63 lakhs till 31st March, 2022 as per management estimates. However, Lenders/ Financial creditors have submitted the claims to the IRP amounting to Rs 5,75,095.90 lakhs (including interest) out of which claims lodged by lenders banks amounting to Rs 3,61,281.37 lakhs (including interest) have

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

been provisionally admitted by IRP and as the remaining amount is under verification, the necessary provisions with respect to such claims shall be made upon final admission of the claims by IRP with respect to such financial creditors.

Note 50

The Hon'ble Calcutta High Court by an order dt. 02.03.2022, has restrained the Holding company from dealing with Banks which has affected operations of the company badly. The Company has filed a petition before the Hon'ble Court for withdrawal of the order since CIRP process has been initiated on the company and hearing of the petition is scheduled on 06th June, 2022.

Note 51

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) has declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Group, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as State Governments, the business of the Group is regaining normalcy in terms of volume as well as cash flow. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

Note 52

Trade Receivables, Other Current Assets and Other Financial Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. The management, however, does not expect any material variation, Management is also hopeful for recovery/realisation of trade receivables which include Rs 43,402.16 Lakhs under Arbitration/ Proposed Arbitration in the normal course of business of the holding company, hence no impairment has been considered at this stage.

Note 53

In earlier years, the Subsidiary Company, McNally Sayaji Engineering Limited had issued a corporate guarantee in favour of the lender banks of the Holding Company to the extent of value of fixed assets at Kumardhubi Unit-1 having a book value of Rs. 457 lakhs as on 31st March, 2022. On commencement of Corporate Insolvency Resolution Process initiated against the Subsidiary Company under the Insolvency and Bankruptcy Code, 2016, the lender Banks of the Holding Company have duly submitted their claims (Principal and Interest) in respect of the borrowings of the Holding Company in default and the claims has admitted Rs. 6189 Lakh by Subsidiary company. However, pending confirmation of the Resolution Process initiated against the Company under the Insolvency and Bankruptcy Code, 2016, no provisions against the admitted claims of the lender banks of the Holding Company have been made in the accounts.

Note 54

The Holding Company's operation with DBS Bank carried out through the Cash Credit Account, was frozen at outstanding dues of Rs. 1219 lakhs, in earlier year and recognised as Borrowings under 'Current Liabilities'. The realization of Rs. 391 lakhs thereafter in the said account was accounted for and shown as Cash and Cash Equivalent under Current Assets. Similarly, with the commencement of CIRP, the outstanding balances as on the date of the commencement of CIRP (11th February, 2021) in other banks' Cash Credit Accounts were also been frozen and subsequent reduction in the outstanding balances in these Cash Credit Accounts aggregating to Rs 26 Lakhs (including Rs 6 Lakhs pertaining to earlier year) as on 31st March, 2022 have been included in Cash & Cash Equivalents under 'Current Assets' so as to reflect the Borrowings under 'Current Liabilities' at the frozen outstanding Cash Credit balance as of 11th February, 2021.

Note 55

Under the CIRP, pursuant to provisions of Insolvency & Bankruptcy Code 2016, the claims submitted by the operational creditors of the Company as admitted and duly disclosed in the public domain are net of advances lying unadjusted to such operational creditors as on the date of commencement of CIRP (11th February, 2021). However, the said adjustment of advances against the liabilities due to the operational creditors has not been considered in the Consolidated financial statement prepared as per the provision of Schedule-III to the Companies Act 2013.

Note 56

The Central Goods & services tax commissioner of Bolpur has carried out investigation against the Holding company for availing irregular Input tax credit and issued summons dated 8th Feb, 2020 under section 70 of the CGST Act directing the company to pay

Notes forming part of the Consolidated Financial Statement

for the year ended 31st March, 2022

Rs 866.90 Lakhs. Further, the department has blocked Rs 10.47 lakhs and company has paid Rs 46 Lakhs only through DRC-03 to the department by debiting the balance available in GST portal without taking any accounting effect in the books. Thereafter the department has made instructions to the company to pay the balance amount within fifteen days from the receipt of the summon. After that the company was admitted into NCLT and in view of the ongoing Corporate Insolvency Resolution process, the RP has requested not to block any further credit and thus the company has not paid the said amount.

Note 57

Other Statutory Information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against it for holding any Benami property.
- (ii) The Group does not have any transactions with Companies struck off under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 2013.
- (iii) During the year, the Subsidiary company has created Rs 1000 Lakhs in favour of Kotak Mahindra Bank Limited and satisfaction of charge of Rs 104.87 Lakhs in favour of Tata Capital Finance service Limited with ROC within the statutory period.
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group has not advanced or loaned to or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Group has no such transaction unrecorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income tax Act, 1961 Such as, search or survey or any other relevant provision of the Income Tax Act, 1961.

Note 58

Revenue Expenditure on Research and Development is Rs Nil. (31.03.2021 Rs. Nil)

Note 59

There are no significant subsequent events that would require adjustments or disclosure in the Consolidated Financial Statements as on the date of approval of these Consolidated Financial Statements.

Note 60

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Signature to Notes 1 to 60

As per our Report of even date

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

(V. K. Singhi)

Partner

Membership Number: 050051

Place: Kolkata

Date: 30th May, 2022

(Srinivash Singh)

Managing Director

DIN: 00789624

(Brij Mohan Soni)

Chief Financial Officer

(Anuj Jain)

(Taken on Record)

IBBI/IPA-001/IP-P00142/2017-18/10306

Interim Resolution Professional

(Asim Kumar Barman)

Director

DIN: 02373956

(Indrani Ray)

Company Secretary

For **McNally Bharat Engineering Company Limited**

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**Part A: Subsidiaries**

| Sl. No. | 1 | 2 | 3 | 4 | |
|---------|--|--|--|--|--|
| | Name of the subsidiary | MBE Mineral Technologies Pte Ltd | MBE Minerals Zambia Limited | McNally Sayaji Engineering Limited (Consolidated with CMT India) | McNally Bharat Equipment Limited |
| 1 | The date since when subsidiary was acquired | 19 May 2009 | 21 May 2010 | 16 November 2011 | 07 March 2008 |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Same as holding company's reporting period | Same as holding company's reporting period | Same as holding company's reporting period | Same as holding company's reporting period |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | SGD\$ 56.024 | ZMK 0.24 | INR (Lakhs) | INR (Lakhs) |
| 4 | Share capital | SGD\$ 49,95,816 | ZMK 50,000 | 1,259 | 10.00 |
| 5 | Reserves and surplus | SGD\$ -52,86,085 | ZMK -87,80,498 | 1,006 | -2.47 |
| 6 | Total assets | SGD \$ 41,912 | ZMK 22,10,333 | 38,889 | 124.71 |
| 7 | Total Liabilities | SGD\$ 3,32,180 | ZMK 109,40,831 | 36,623 | 117.17 |
| 8 | Investments | - | - | - | - |
| 9 | Turnover | - | - | 18,116 | 2.43 |
| 10 | Profit / Loss before taxation | SGD\$ -6,329 | ZMK -1,000 | -4343 | 1.92 |
| 11 | Provision for taxation | - | - | 35 | - |
| 12 | Profit / Loss after taxation | SGD\$ -6,329 | ZMK -1,000 | -4308 | 1.92 |
| 13 | Proposed Dividend | - | - | - | - |
| 14 | Extent of shareholding (in percentage) | 100% | 100% | 63% | 99.40% |

Part B: Associates and Joint Ventures

| Sl. No. | Name of the Associates or Joint Ventures | 1 McNally-Troxel-Kilburn (Jv) | 2 McNally-Troxel (Jv) | 3 McNally-AML (Jv) |
|---------|---|---|---|---|
| 1 | Latest Balance Sheet Date | 31 March 2022 | 31 March 2022 | 31 March 2022 |
| 2 | Date on which the Associate or Joint Venture was associated or acquired | 03 September, 2020 | 07 October, 2020 | 12 October, 2020 |
| 3 | Shares of Associate or Joint Ventures held by the Company on the year end | 80% | 96-97% | 97-98% |
| 4 | Amount of Investment in Associates or Joint Ventures | - | - | - |
| 5 | Extent of Holding (%) | 80% | 96-97% | 97-98% |
| 6 | Joint Control / Significant influence | Joint Venture | Joint Venture | Joint Venture |
| 7 | Reason for not consolidated | Profit / (Loss) for the year not material | Profit / (Loss) for the year not material | Profit / (Loss) for the year not material |
| 8 | Networth attributable to Shareholding as per latest audited Balance Sheet | - | - | - |
| 9 | Profit / Loss for the year | | | |
| | i) Considered in Consolidation | - | - | - |
| | ii) Not Considered in | - | - | - |
| | Consolidation | | | |

- Names of subsidiaries which are yet to commence operations: Nil
- EMC MBE Contracting Co LLC, a joint venture for MBECL having 35% share is a dormant JV since last couple of years hence the company has initiated winding up proceedings.

For McNally Bharat Engineering Company Limited

(Srinivash Singh)
Managing Director
DIN: 00789624

(Brij Mohan Soni)
Chief Financial Officer

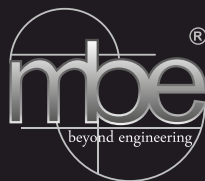
(Anuj Jain)
(Taken on Record)
IBBI/IPA-001/IP-P00142/2017-18/10306
Interim Resolution Professional

(Asim Kumar Barman)
Director
DIN: 02373956


(Indrani Ray)
Company Secretary

Place: Kolkata
Date: 30th May, 2022

[illegible]



McNally Bharat Engineering Company Limited

Member  Williamson Magor Group

CIN: L45202WB1961PLC025181

4, Mangoe Lane, Kolkata - 700 001