

McNally Bharat Engineering Company Limited

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Corporate Office : Ecospace Campus 2B 11F/12
New Town Rajarhat North 24 Parganas Kolkata 700 160
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E mbe.corp@mbecl.co.in W www.mcnallybharat.com
Registered Office : 4 Mangoe Lane Kolkata-700 001

August 14, 2021.

Bombay Stock Exchange Limited
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block, Bandra - Kurla Complex, Bandra
(E), Mumbai - 400 051

Dear Madam/Sir,

Sub: Outcome of the Meeting of the Board of Directors of the Company held on August 14, 2021

This is to inform you that the Board of Directors at its meeting held on even date has inter-alia:

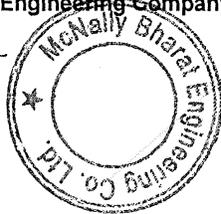
- I. Approved the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2021. In compliance with the provisions of Regulation 33 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), please find enclosed herewith the aforesaid Financial Results, along with the Limited Review Reports of the Statutory Auditors thereon.
- II. Approved the recommendation of Nomination & Remuneration Committee for re-appointment of Ms. Arundhuti Dhar as an Independent Non Executive Director for a 2nd term of 5 (Five) years.
- III. Approved Directors' Report for the Financial Year 2020-21 along with Notice of the 58th Annual General Meeting, which will be sent to the members.
- IV. Fixed that the 58th Annual General Meeting (AGM) of the Company will be held on Thursday, September 30, 2021 at 11.00 a.m. Kolkata.
- V. Fixed that the Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2021 to September 30, 2021 (both days inclusive).

Thanking You,

Yours Faithfully,

For **McNally Bharat Engineering Company Limited**

Rahul Banerjee
Company Secretary



V. SINGHI & ASSOCIATES

Chartered Accountants

Phone: 2210 1124

2210 1125

E-mail: vsinghiandco@gmail.com

Four Mangoe Lane

Surendra Mohan Ghosh Sarani

Kolkata – 700 001

Independent Auditor's Report on Limited Review of the Unaudited Standalone Financial Results for the quarter ended 30th June, 2021 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

Review Report to

The Board of Directors

McNally Bharat Engineering Company Limited

Four Mangoe Lane, Surendra Mohan Ghosh Sarani

Kolkata - 700001

1. We have reviewed the accompanying Statement of Standalone unaudited Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Company") for the quarter ended 30th June, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Basis for Adverse Conclusion

The Company has not recognized interest expense on Bank Borrowings amounting to Rs. 7,962.98 Lakhs for the quarter ended 30th June, 2021 (Rs. 7,894.93 Lakhs for the quarter ended 30th June, 2020 and Rs. 31,546.61 Lakhs for the year ended 31st March, 2021) and Rs. 63.40 Lakhs for the quarter ended 30th June, 2021 (Rs. 63.60 Lakhs for the quarter ended 30th June, 2020 and Rs. 190.80 Lakhs for the year ended 31st March, 2021) on Inter-Corporate Borrowings as referred in Note 4 to the Statement. As a result, finance costs and total comprehensive loss for the quarter ended 30th June, 2021 are understated to that extent.

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

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

6. Emphasis of Matters

a) Material uncertainty related to Going Concern

The Company has reported net loss of Rs. 1,438.79 Lakhs during the quarter ended 30th June, 2021. We draw attention to Note 5 to the Statement that the company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal as informed to us by the Management. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.

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

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

c) We draw attention to Note No 8 of the Statement with respect to Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation 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/realization of these assets in the normal course of business.

d) Recognition of Deferred Tax Assets

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

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

We draw attention to Note 9 to the Statement regarding invocation of pledge over 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited held by the Company, by the Lender Bank of the Subsidiary Company i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Subsidiary Company. The Subsidiary Company has objected to such invocation vide their letter dated 15th December, 2020 and has not made any adjustment to the carrying value of its investment in the Subsidiary Company.

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

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

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Place: Kolkata
Date: 14th August, 2021

(D. Pal Choudhury)
Partner
Membership No. 016830
UDIN: 21016830AAAAEF3269

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGO LANE, Kolkata 700 001
Web:www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 6628-1111
Statement of Unaudited Standalone Financial Results for the quarter ended 30th June, 2021

(Rs. in Lakhs, unless otherwise stated)

Particulars	Three months ended			Year ended
	30th June 2021	31st March 2021	30th June 2020	31st March 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1 Revenue from operations				
(a) Net sales/ Income from operations	6,170.37	11,924.12	7,615.23	33,138.65
(b) Other operating income	16.81	69.56	5.76	139.68
Total income from operations	6,187.18	11,993.68	7,620.99	33,278.33
2 Other income	878.78	138.39	697.03	2,589.15
3 Total income (1+2)	7,065.96	12,132.07	8,318.02	35,867.48
4 Expenses				
(a) Cost of materials consumed	1,656.16	5,101.92	3,769.43	13,608.72
(b) Outsourcing expenses to job workers	2,940.19	3,007.47	2,653.56	12,280.65
(c) Employee benefits expense	1,063.87	1,212.07	947.66	4,559.99
(d) Finance costs	1,450.79	326.04	1,703.11	4,227.62
(e) Depreciation and amortization expense	132.87	124.89	212.98	673.90
(f) Other expenses	1,265.31	989.77	1,736.03	5,520.17
Total expenses	8,509.19	10,762.16	11,022.77	40,871.05
5 Profit/(Loss) before tax (3-4)	(1,443.23)	1,369.91	(2,704.75)	(5,003.57)
6 Tax expenses:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
7 Profit/(Loss) for the period/year (5-6)	(1,443.23)	1,369.91	(2,704.75)	(5,003.57)
8 Other comprehensive income				
(a) Items that will not be reclassified to profit or loss	4.44	13.05	2.24	17.75
(b) Income tax relating to these items	-	-	-	-
Total other comprehensive income (net of income tax)	4.44	13.05	2.24	17.75
9 Total comprehensive income for the period/year (7+8)	(1,438.79)	1,382.96	(2,702.51)	(4,985.83)
10 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08
11 Reserves excluding revaluation reserve				(13,776.18)
12 Earnings per share (of Rs. 10/- each) (not annualised):				
Basic	(0.68)	0.65	(1.28)	(2.36)
Diluted	(0.68)	0.65	(1.28)	(2.36)

Also refer accompanying notes to the financial results.

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McNally Bharat Engineering Company Limited

Notes to the Statement of Standalone unaudited Financial Results for the quarter ended 30th June, 2021

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 14th August, 2021.
2. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The Company is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.
4. The Company's bank loan 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 of Rs. 8,026.38 Lakhs for quarter ended 30th June 2021 (Rs.7,962.98 Lakhs and Rs.63.40 Lakhs interest expense on Bank borrowings and Inter-Corporate borrowings respectively) Rs.7,958 .53 Lakhs for the quarter ended 30th June, 2020 (Rs.7,894.93 Lakhs and Rs.63.60 Lakhs interest expense on Bank borrowings and Inter-Corporate borrowings respectively) Rs. 31,546.61 Lakhs on bank borrowings and Rs. 190.80 Lakhs on Inter-Corporate borrowings for the year ended 31st March, 2021 (including Rs. 7,982.50 Lakhs and Rs. 63.40 Lakhs interest expenses on Bank borrowings and Inter-Corporate borrowings respectively for the quarter ended 31st March, 2021).
5. During the current quarter ended 30th June, 2021, though the Company has net loss of Rs 1438.79 lakhs due to IND AS compliance on account of Finance Cost amounting to Rs 1430.99 lakhs, the Company has positive growth despite adverse effect of Pandemic and downturn of Industry. The Company has submitted its resolution proposal to the lenders for restructuring and the lenders have done the Techno Economic Viability (TEV) study of a Resolution plan submitted by company. The Lenders are actively considering the resolution plan and have appointed various agencies to evaluate the resolution plan as decided in the last consortium meeting held on 24th June 2021. The Management is evaluating various options and is hopeful that with the support of the lenders and on approval of the Resolution Plan, the Company will be able to generate sufficient cash flows through profitable operations to discharge its financial obligations. Hence, the Board of Directors have decided to prepare the Standalone audited Financial Results on a going concern basis.

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6. The World Health Organization (WHO) declared outbreak of COVID-19, a global pandemic and consequent to this, Government of India (GOI) as well as State Governments declared various restrictions and protocols for compliance as well as imposed lockdowns from time to time. The COVID-19 significantly impacted overall business operations globally, and the Company was not an exception, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. Post lockdown with the phased resumption of operations in consideration of directives from the GOI as well as respective State Governments, the business of the Company gradually started regaining its normalcy in terms of volume as well as cash flow. However, the onset of second wave of COVID – 19 resulted in another disruption in business operation adversely affecting in the performance, as evident from the financial results of the first quarter of the financial year 2021-2022. The Company has evaluated its liquidity position and recoverability and carrying value of its assets and has concluded that no material adjustments are required currently at this stage.
7. The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds coming to the Company with the lenders support on the debt restructuring proposal, there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
8. Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation 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/realization of these assets in the normal course of business.
9. 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 MBE) from ICICI Bank Limited. During the quarter ended 31st December, 2020, ICICI Bank Limited invoked pledge created over these shares for a transfer value of Re. 1 and adjusted it towards the overdue amount of the Company. The Company has objected to the invocation of the said and grossly undervalued transfer. Accordingly, the Company has not made any adjustment to the carrying value of the loan as on 31st March, 2021.

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

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

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(SRINIVASH SINGH)
MANAGING DIRECTOR
DIN- 00789624

Date : 14th August, 2021

Place: Kolkata

Independent Auditor's Report on Limited Review of the Unaudited Consolidated Financial Results for the quarter ended 30th June, 2021 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
McNally Bharat Engineering Company Limited
Four Mangoe Lane, Surendra Mohan Ghosh Sarani
Kolkata - 700001

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Holding Company"), its subsidiaries and joint ventures (the Holding Company, its subsidiaries and joint ventures together referred to as "the Group") for the quarter ended 30th June, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

5. Basis for Adverse Conclusion

The Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited has not recognised interest expense on Bank borrowings amounting to Rs. 8,876.06 Lakhs (Rs. 8,684.63 Lakhs for the quarter ended 30th June, 2020 and Rs.35,615.61 Lakhs for the year ended 31st March, 2021) and Rs. 219.12 Lakhs (Rs. 219.60 Lakhs for the quarter ended 30th June, 2020 and Rs. 819.90 Lakhs for the year ended 31st March, 2021) on Inter-Corporate Borrowings for the quarter ended 30th June, 2021 as referred in Note 4 to the Statement. As a result, finance costs and total comprehensive loss for the quarter ended 30th June, 2021 are understated to that extent. In addition to the above, the Holding Company had also not recognised interest expense of Rs. 1,690.51 Lakhs on Inter-Corporate Borrowings and Rs.31,722.41 Lakhs on bank borrowings for the financial year ended 31st March, 2020.

6. This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".
7. Based on our review conducted as stated in Paragraph 3 above, and for reasons stated in Paragraph 4 above, the Statement of Unaudited Consolidated Financial Results has not been prepared in accordance with the applicable Indian Accounting Standards and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

8. Emphasis of Matters

a) Material uncertainty related to Going Concern

The Group has reported net loss of Rs. 148.37 Lakhs during the quarter ended 30th June, 2021. We draw attention to Note 5 to the Statement that the Holding Company and one of its Subsidiary Company, McNally Sayaji Engineering Limited is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding Company's management and the Subsidiary Company's management are currently in discussion with the lenders for carrying out a debt restructuring proposal as informed to us by the Management. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal of the Holding Company. Based on the Holding Company's and Subsidiary Company's Board of Directors' assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.

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

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

c) Recognition of Deferred Tax Assets

We draw attention to Note 7 to the Statement that the Group had recognised deferred tax assets of Rs. 57,940.49 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be realised, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Group has not recognised further deferred tax assets thereafter on prudent basis.

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

We draw attention to Note 8 to the Statement regarding invocation of pledge over 23,37,211 Equity Shares of the Subsidiary Company, McNally Sayaji Engineering Limited held by the Company, by the Lender Bank of the Subsidiary Company i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Subsidiary Company. The Subsidiary Company has objected to such invocation vide their letter dated 15th December, 2020 and has not made any adjustment to the carrying value off its investment in the Subsidiary Company.

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

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

Wholly Owned Subsidiary Companies of the Holding Company

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

Subsidiary Company of the Holding Company

- McNally Sayaji Engineering Limited

Step-down subsidiary of the Holding Company

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

Joint Ventures of the Holding Company

- EMC MBE Contracting Company LLC,
 - Mcnally-Trolex*
 - Mcnally-AML*
 - Mcnally-Trolex-Kilburn*
- * Joint Venture agreement executed during the year

10. Other Matters

The Consolidated Financial Results include the Consolidated Financial Results of one Subsidiary whose Consolidated Financial Results reflect Group's share of total revenue of Rs. 3,065 Lakhs for the quarter ended 30th June, 2021, and Group's share of total net loss of Rs. 148 Lakhs for the quarter ended 30th June, 2021, as considered in the Consolidated Financial Results, which have been audited by us. Our opinion on the Consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on our report and the audit procedures performed by us.

The Consolidated Financial Results include the unaudited Financial Information/Results of two foreign subsidiaries and one Indian subsidiary whose Interim Financial information/results reflect, Group's share of total revenue of Rs. Nil for the quarter ended 30th June, 2021 and Group's share of total net loss of Rs. 0.05 Lakhs for the quarter ended 30th June, 2021, as considered in the Consolidated Financial Results. These unaudited Financial Information/Results have been furnished to us by the Board of Directors and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such unaudited interim Financial Information/Results. In our opinion and according to the information and explanations given to us by the Board of Directors, these Interim Financial Information/results are not material to the Group.

We draw attention to Note 10 to the Statement that the results of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC, Mcnally-Trolex ,Mcnally – AML and Mcnally –Trolex whose carrying value in the Financial Results of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

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

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

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Date: 14th August, 2021

(D. Pal Choudhury)
Partner
Membership No. 016830
UDIN: 21016830AAAAEG7239

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGOE LANE, Kolkata 700 001
Website:www.mcnallybharat.com, Email id: mbecal@mbecol.co.in, Phone no: (033) 6628-1213
Statement of Consolidated Unaudited Financial Results for the quarter ended 30th June, 2021

(Rs. in Lakhs, unless otherwise stated)

Particulars	For The Three months ended			
	30th June 2021	31st March 2021	30th June 2020	31st March 2021
	Unaudited	Audited	Unaudited	Audited
1 Revenue from operations	9,116.28	17,503.65	10,495.25	50,151.85
2 Other income	884.38	449.60	744.78	3,033.64
3 Total income (1+2)	10,000.66	17,953.24	11,240.03	53,185.48
4 Expenses				
(a) Cost of materials consumed	2,977.75	7,724.33	4,572.70	20,991.44
(b) Changes in Inventories of work-in-progress and finished goods	53.12	755.00	685.20	1,367.00
(c) Outsourcing expenses to job workers	2,940.19	2,994.83	2,666.53	11,840.79
(d) Employee benefits expense	1,790.55	2,014.22	1,573.07	7,563.99
(e) Finance costs	1,543.13	408.01	1,788.42	4,616.62
(f) Depreciation and amortisation expense	298.93	290.88	523.50	1,624.90
(g) Other expenses	1,989.65	2,053.62	2,497.80	9,530.98
Total expenses	11,593.32	16,240.88	14,307.22	57,535.71
5 Profit / (Loss) before tax and Exceptional Items (3-4)	(1,592.66)	1,712.36	(3,067.19)	(4,350.23)
6 Exceptional Items	-	-	-	-
Profit / (Loss) before tax (5-6)	(1,592.66)	1,712.36	(3,067.19)	(4,350.23)
7 Tax expenses:				
(a) Current tax	-	-	-	-
(b) Deferred tax	-	-	-	-
8 Profit / (Loss) for the period/year (5-6)	(1,592.66)	1,712.36	(3,067.19)	(4,350.23)
9 Other Comprehensive Income				
(a) Items that will not be reclassified to profit or loss	5.44	63.05	(12.77)	35.75
(b) Income tax relating to these items	-	-	3.90	-
Total other comprehensive income (net of income tax)	5.44	63.05	(8.87)	35.75
10 Total comprehensive income for the period/year (8+9)	(1,587.22)	1,775.41	(3,076.06)	(4,314.48)
11 Profit/(Loss) attributable to:				
Owners of MBECL	(121.83)	1,891.35	(3,000.36)	(4,228.56)
Non-Controlling interest	(27.54)	(178.99)	(66.83)	(121.67)
Total	(149.37)	1,712.36	(3,067.18)	(4,350.23)
12 Other Comprehensive income is attributable to :				
Owners of MBECL	0.82	60.72	(6.84)	39.32
Non-Controlling interest	0.18	2.33	(2.03)	(3.57)
Total	1.00	63.05	(8.87)	35.75
13 Total Comprehensive income is attributable to :				
Owners of MBECL	(121.01)	1,952.07	(3,007.19)	(4,189.24)
Non-Controlling interest	(27.36)	(176.66)	(68.85)	(125.24)
Total	(148.37)	1,775.41	(3,076.05)	(4,314.48)
14 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08
15 Reserve excluding revaluation reserve				(24,602.10)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):				
Basic	(0.75)	0.81	(1.45)	(2.06)
Diluted	(0.75)	0.81	(1.45)	(2.06)

Also refer accompanying notes to the Financial Results.

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McNally Bharat Engineering Company Limited

Notes to the Statement of Consolidated unaudited Financial Results for the quarter ended 30th June, 2021

1. The above results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on 30th June, 2021.
2. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The Group is primarily engaged in the business of construction and hence no separate disclosure has been made for segment reporting as per Ind AS 108-Operating Segments.
4. The Holding Company and one of the Subsidiary Company, McNally Sayaji Engineering Limited has been categorised as Non-Performing Asset by the lender banks and majority of the lender banks of the Holding Company and the said Subsidiary Company 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 Holding Company and the said Subsidiary has not recognised interest expense on Bank borrowings and Inter-Corporate Borrowings amounting to Rs. 8,876.06 Lakhs for the quarter ended 30th June, 2021 (Rs. 8,684.63 Lakhs for the quarter ended 30th June, 2020 and Rs. 35,615.61 Lakhs for the year ended 31st March, 2021) and Rs. 219.12 Lakhs for the quarter ended 30th June, 2021 (Rs. 219.60 Lakhs for the quarter ended 30th June, 2020 and Rs. 819.90 Lakhs for the year ended 31st March, 2021) on Inter-Corporate Borrowings.
5. During the current quarter ended 30th June, 2021, though the Company along with its subsidiaries has net loss of Rs 1587.22 lakhs due to IND AS compliance on account of Finance Cost amounting to Rs 1430.99 lakhs, the Company along with its subsidiaries has positive growth despite adverse effect of Pandemic and downturn of Industry. The Holding Company and the Subsidiary Company have submitted their resolution proposals to the lenders for restructuring and the lenders have decided to have Techno Economic Viability (TEV) study of a Resolution plan submitted by Holding Company and the Subsidiary Company. In case of the holding Company the Lenders are actively considering the resolution plan and have appointed/would be appointing various agencies to evaluate the resolution plan as decided in the last consortium meeting held on 24th June 2021. The Management is evaluating various options and hopeful that with the support of the lenders and on approval of the Resolution Plan, the Group will be able to generate sufficient cash flows through profitable operations to discharge its financial obligations. Hence, the Board of Directors of the Holding Company have decided to prepare the Consolidated audited Financial Results on a going concern basis.
6. The World Health Organization (WHO) declared outbreak of COVID-19, a global pandemic and consequent to this, Government of India (GOI) as well as State Governments declared various restrictions and protocols for compliance as well as imposed lockdowns from time to time. The COVID-19 significantly impacted overall business operations globally, and the Company was not

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an exception, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. Post lockdown with the phased resumption of operations in consideration of directives from the GOI as well as respective State Governments, the business of the Company gradually started regaining its normalcy in terms of volume as well as cash flow. However, the onset of second wave of COVID – 19 resulted in another disruption in business operation adversely affecting in the performance, as evident from the financial results of the first quarter of FY 2021-2022. The Company has evaluated its liquidity position and recoverability and carrying value of its assets and has concluded that no material adjustments are required currently at this stage.

7. The Group had recognised Deferred Tax Assets amounting to Rs 57,940.60 Lakhs upto 31st March, 2019. The Group believes that based on the infusion of fresh funds coming to the Group with the lenders support on the debt restructuring proposals, there will be adequate future taxable profits available to the Group against which the Deferred Tax Assets can be utilised. However, the Group has not recognised further Deferred Tax Assets thereafter on prudent basis.
8. In earlier years, the Holding Company had pledged its investment with ICICI Bank Limited to the extent of 23,37,211 Equity Shares of its subsidiary company, McNally Sayaji Engineering Limited as security against Term Loan availed by the said subsidiary Company. In view of the continued defaults by the Subsidiary Company in repayment of term loan, ICICI Bank Limited vide its letter dated 27th November, 2020 has invoked the pledge created over these shares and adjusted Re. 1/- against the over dues of the Subsidiary Company. The Subsidiary Company has objected such invocation vide its letter dated 15th December, 2020. Accordingly, the Holding Company has not made any adjustments to the carrying value of its investment in the Subsidiary Company.
9. The Holding Company has obtained the necessary approvals from the lender bank and the shareholders in terms of Section 197(17) of the Companies Act, 2013 in respect of the excess remuneration paid/payable to the Managing Director of the Holding Company.
10. The results of the Joint Venture of the Holding Company i.e. EMC MBE Contracting Company LLC ,Mcnally-Troxex , Mcnally –AML and Mcnally –Trolex-Kilburn those carrying value in the Financial Results of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.
11. Project business is subject to quarter variations and each quarter's performance in isolation does not necessarily indicate full year's performance.

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

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(SRINIVASH SINGH)
MANAGING DIRECTOR
DIN- 00789624

Date: 14th August, 2021

Place: Kolkata