

MCNALLY SAYAJI ENGINEERING LIMITED

CIN: L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com

Regd. Office- Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700160 Phone No: 913330142280

Statement of Standalone Unaudited Financial Results For the Quarter & Half Year Ended 30th September, 2021

Figures in Lakhs

PARTICULARS	Quarter Ended			Half Year Ended		Year Ended
	30-09-2021	30-06-2021	30-09-2020	30-09-2021	30-09-2020	31-03-2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from operations	4,394	2,641	3,958	6,995	6,145	13,842
(b) Other income	53	24	41	77	70	217
Total Income	4,407	2,665	3,999	7,072	6,215	16,059
2 Expenses						
a) Cost of Materials Consumed	1,990	1,143	1,719	3,133	2,187	7,014
b) Changes in Inventories of Work-in-Progress and Finished Goods	352	53	29	405	714	1,367
c) Employee Benefits Expense	598	626	616	1,224	1,084	2,442
d) Finance Costs	36	22	22	38	34	88
e) Depreciation and Amortisation Expense	159	164	306	323	613	939
f) Other Expenses	1,052	598	809	1,650	1,278	3,225
Total Expenses (a to f)	4,167	2,605	3,501	6,773	5,910	15,078
3 Profit/(Loss) before Tax (1-2)	240	59	498	299	305	981
4 Tax Expense						
a) Current Tax	-	-	-	-	-	-
b) Deferred Tax	-	-	-	-	-	-
Total Tax Expenses	-	-	-	-	-	-
5 Profit / (Loss) for the period/year (3 +/-4)	240	59	498	299	305	981
6 Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	1	1	(14)	1	(29)	2
b) Income tax relating to these items	-	-	-	-	6	(1)
Total Other Comprehensive Income	1	1	(14)	1	(21)	1
7 Total Comprehensive Income for the period/year (5 +/-6)	241	60	484	300	284	982
8 Paid up Equity Share Capital (Face value Rs.10/- each)						1,259
9 Other Equity (excluding revaluation reserve)						8,022.00
10 Earnings Per Share						
Basic and Diluted (Rs)	1.90	0.67	3.84	2.37	2.26	7.80

Also refer to the accompanying notes



**JITENDRA
LOHIA**

**ASEEM
KRISHANM
OHAN
SRINASTAV**

McNally Sayaji Engineering Limited		Rupees in Lakhs	
Standalone Statement of Assets and Liabilities		As at	
PARTICULARS	30-09-2021	31-03-2021	
	Unaudited	Audited	
Assets			
Non-Current Assets			
Property, plant and equipment	11,879	12,199	
Capital work-in-progress	-	1	
Investment property	357	358	
Other intangible assets	3	4	
Financial Assets			
Investments	2,700	2,700	
Trade receivables	450	450	
Other financial assets	114	140	
Deferred tax assets	5,397	5,397	
Other non-current assets	140	140	
Total non-current assets	21,040	21,389	
Current assets			
Inventories	8,164	8,358	
Financial assets			
Trade receivables	6,357	5,243	
Cash and cash equivalents	1,517	1,062	
Bank balances other than above	125	235	
Current tax assets (net)	-	116	
Other current assets	1,919	2,183	
Total current assets	18,082	17,199	
Total Assets	39,122	38,588	
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	1,259	1,259	
Other Equity	8,321	8,022	
Total Equity	9,580	9,281	
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	194	212	
Employee benefit obligations	390	384	
Total non-current liabilities	584	596	
Current liabilities			
Financial liabilities			
Borrowings	16,920	16,330	
Trade payables			
A Total outstanding dues of Micro Enterprises and Small Enterprises	212	212	
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,561	4,797	
Other financial liabilities	4,190	4,639	
Provisions	43	45	
Employee benefit obligations	73	73	
Current tax liabilities	56	-	
Other current liabilities	2,900	2,615	
Total current liabilities	28,958	28,711	
Total Liabilities	29,542	29,307	
Total equity and liabilities	39,122	38,588	

* amount is below rounding off norm adopted by the Company



Menally Sayaji Engineering Limited

Standalone Statement of Cash Flows for the year ended 30th Sept, 2021

(All amounts in Rs lakhs, unless otherwise stated)

	Half Year ended 30 Sept 2021	Half Year ended 30 Sept 2020
Cash flow from operating activities		
Profit/(Loss) before tax	299	305
Adjustments for :-		
Depreciation on Tangible Assets	323	613
Loss / (Gain) on Sale of Property, Plant and Equipment (Net)	0	-
Interest income	(8)	(15)
Finance costs	-	34
Reclassification of Indas-116	11	-
Provision for bad and doubtful trade receivables	89	82
Liabilities no longer required written back	(6)	-
Provision for Warranty	43	-
Net exchange differences	1	2
Interest Income on unwinding on revenue deferred	-	(18)
Cash flow from operating activities before change in operating assets and liabilities	752	1,003
Decrease / (Increase) in trade and Other Receivables	(803)	(964)
Decrease / (Increase) in inventories	194	276
Increase / (Decrease) in Trade and Other Payables	(454)	966
Increase / (Decrease) in employee benefit obligations	6	(35)
Cash generated from operations	(305)	1,246
Income taxes (paid) / received	174	(1)
Net cash inflow from operating activities	(131)	1,245
Cash flows from investing activities		
Payments for property, plant and equipment	(12)	(20)
Interest received	8	15
Investment made	-	(57)
Net cash inflow (outflow) from investing activities	(4)	(62)
Cash flows from financing activities		
Repayment of Borrowings	-	(7)
Interest paid	-	(34)
Net increase (decrease) in Cash Credit Facilities including WCCL	590	(667)
Net cash outflow from financing activities	590	(708)
Net increase (decrease) in cash and cash equivalents	455	475
Cash and cash equivalents at opening of the year	1,062	502
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	1,517	977
Non-cash financing and investing activities		
- Acquisition of property, plant and equipment by means of finance lease	-	0
- Shares issued for acquisition of MBE Coal & Mineral Technology India Private Limited	-	2700
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following	30-Sep-21	30-Sep-20
Cash and cash equivalents	1,517	977
Bank overdrafts	-	-
Balances per statement of cash flows	1,517	977

1. The above Standalone Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flows'.

2. Previous period figures have been rearranged/regrouped wherever necessary.

See accompanying notes forming part of the financial statements.



**JITENDR
A LOHIA**

**ASEEM
KRISHANMO
HAN
SRINASTAV**

McNally Sayaji Engineering Limited

Notes to the Statement of Standalone Unaudited Financial Results for the half year ended 30th September, 2021

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one Financial Creditor, being CP No.131/KB/2020, the NCLT Court, Kolkata Bench, while disposing off, admitted the application vide order dated 11th February, 2021 and directed to initiate Corporate Insolvency Resolution Process ('CIRP') against the Company. CA Jitendra Lohia, registered with the Insolvency and Bankruptcy Board of India and having Registration No. IBBI/IPA-001/IP-000170/2017-19/10339 has been appointed as the Interim Resolution Professional ('IRP') for the Company. The said order dated 11th February, 2021 passed by the NCLT Court, Kolkata Bench, however, has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While, stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors and the IRP has been directed to ensure that the Company remains going concern. Matter is pending for final disposal of the Hon'ble NCLAT, New Delhi.
2. The above Financial Results have been reviewed and recommended by the Board of Directors (Suspended) as well as IRP at the management meeting held on 11th November, 2021.
3. The above Financial Results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. The Company 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, the Company's operation comprises of only one reporting segment. Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".
5. 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 lockdowns time to time. The COVID-19 has significantly impacted overall business operations globally and the Company is not an exception, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. However, post lockdown, gradually, with the operations having resumed in a phased manner considering directives from the GOI as well as respective State Governments, the business of the Company is regaining its normalcy in terms of volume as well as cash flow. However, further Impact of second wave of COVID – 19 resulted in disruption in business operation having adverse effect in the performance, which is also evident in the financial results of the half year of FY 2021-2022. The Company has evaluated its



**JITENDR
A LOHIA**

**ASEEM
KRISHANMO
HAN
SRIVASTAV**

fixed assets at Kumardhubi Unit-1 having a carrying value of Rs. 463.22 lakhs as at 30th September, 2021. The Auditors of McNally Bharat Engineering Company Limited expressed material uncertainty towards its going concern which is undergoing a debt restructuring plan. However, no provision has been considered in the Financial Results of the Company, in view of the Company is under CIRP.

12. Term Loan facilities granted to the Company by ICICI Bank Limited are secured, including against pledge over 23,37,211 number equity shares of the Company held by McNally Bharat Engineering Company Limited. 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.1.00 has been adjusted towards the over-dues under the facilities availed by the Company from ICICI Bank Limited. In view of impairment in the investment value in the books of McNally Bharat Engineering Company Limited, a claim of Rs. 4,079.54 lakhs has been lodged against the Company. Pending decision with regard to acknowledgement of the said claim of McNally Bharat Engineering Company Limited vis-à-vis the present status under CIRP of the Company as mentioned in para (1) above, no provision has been considered in the Financial Results of the Company.
13. Figures for the previous quarters/periods have been regrouped/rearranged wherever considered necessary.

Place : Kolkata
Dated: 11th November, 2021



**JITENDR
A LOHIA**

**ASEEM
KRISHANMO
HAN
SRNASTAV**

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 Auditors' Report on Limited Review of the Unaudited Standalone Financial Results for the quarter and half year ended 30th September, 2021 of McNally Sayaji Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

**The Interim Resolution Professional of
McNally Sayaji Engineering Limited
Campus 2B, Ecospace Business Park
11F/12 Rajarhat, New Town
Kolkata - 700156**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Company") for the quarter and half year ended 30th September, 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 Interim Resolution professional, has been 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 the relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



4. Basis for Adverse Conclusion

Non-Recognition of Interest Expense

The Company has not recognised interest expense on Bank borrowings amounting to Rs. 1642.86 Lakhs and on Inter corporate Borrowing amounting to Rs. 313.14 for the half year ended 30th September, 2021 (including Rs. 729.78 Lakhs on Bank borrowing and Rs. 157.43 on Inter corporate borrowing respectively for the quarter ended 30th September, 2021). Amount of interest expenses not recognized on bank borrowings and inter corporate borrowings during the year ended 31st March, 2021 was Rs. 4,069 Lakhs and Rs. 629 Lakhs respectively. As a result, finance costs, interest liability and total comprehensive profit for the quarter and half year ended 30th September, 2021 are overstated 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 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 whether it contains any material misstatement.

6. Emphasis of Matters

a) We draw attention to Note 1 to the statement wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Company vide an order dated 11th February 2021. Pursuant to this order, the powers of the Board of Directors were suspended and instead exercisable by Mr. Jitendra Lohia, IRP. The order has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors, the IRP has been directed to ensure that the company remains a going concern. The application is pending for final disposal before the Hon'ble NCLAT, New Delhi.

b) We draw attention to Note 8 to the statement that the banking operation of the company with DBS Bank is being carried out through the cash credit Account, limit whereof has been frozen at 1218.80 Lakhs. Accordingly, balance available in the said account is Rs 212.47 lakhs as on 30th September, 2021 within the said frozen limit.

c) Material uncertainty related to Going Concern

We draw attention to Notes 1 and 6 to the statement stating that pursuant to the order dated 11th February, 2021 of the NCLT Court, Kolkata Bench, Corporate Insolvency Resolution Process (CIRP) has been initiated against the company,



However the said order has been challenged before the NCLAT, New Delhi which granted stay in the matter of constitution of Committee of Creditors and also directed to ensure that the company remained a going concern, The matter is pending for final disposal of the Hon'ble NCLAT , New Delhi. Hence the Standalone Financial Results have been prepared using the going concern basis of accounting.

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

We draw attention to Note 5 of the Statement regarding the Management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Company.

e) Recognition of Deferred Tax Assets

We draw attention to Note 9 of the Statement that the Company had recognised deferred tax assets of Rs. 5,397.00 Lakhs upto 31st March, 2019 in the expectation that it would be having adequate taxable profits in future against which the deferred tax assets could be realised, which is however solely dependent on the acceptance of the debt restructuring proposal. The Company has therefore not recognized any deferred tax assets thereafter on prudent basis.

f) Non-adjustment of the carrying value of the Stock

We draw attention to Note 10 of the Statement regarding non-adjustment of the discrepancies observed on earlier physical verification of inventories by management and the discrepancies observed are yet to be adjusted. As a result closing stock of work in process is overstated by Rs 875 Lakhs and total comprehensive profit for the quarter and half year ended 30th September, 2021 are overstated to that extent.

g) Non-adjustment of the carrying value of the loan

We draw attention to Note 12 of the Statement regarding the lender, ICICI Bank's invocation per its letter dated 27th November 2020 of 23,37,211 Equity Shares of the company for Rs 1 only pledged by its Holding Company, McNally Bharat Engineering Company Limited for term loan facility availed by the company. The Company has objected to such invocation by the Bank vide its letter dated 15th December 2020 and not made any adjustment to the carrying value of the Term Loan availed by the company.

h) Corporate Guarantee issued by the Company

We draw attention to Note 11 of the Statement regarding the Company's issuance of Corporate Guarantee favouring its Holding Company, McNally Bharat Engineering Company Limited's lenders limited to the fixed assets value of its Kumardhubi Unit-1 having a book value of Rs. 463.22 Lakhs as on 30th September, 2021. The Audit Report of the Holding Company for the year ended 31st March, 2021 had expressed material uncertainty as to its Going Concern status which is undergoing a debt restructuring proposal. Provision against the said guarantee in the Statement has not been



considered necessary by the management during the half year ended 30th September, 2021.

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

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



(V.K. SINGHI)
Partner

Membership No. 050051
UDIN:21050051AAAAIH7791

Place: Kolkata
Date: 11th November, 2021

MCNALLY SAYAJI ENGINEERING LIMITED

CIN : 128999WR1943PLC18287, Web - Site : www.mcnallysayaji.com

Regd. Office- Eospace, Campus 2B, New Town, Rajarhat, Kolkata - 760156 Phone No: 913330162280

Statement of Consolidated Unaudited Financial Results For The Quarter & Half Year Ended 30th September, 2021

Supers in Lakhs

PARTICULARS	Quarter Ended			Half Year Ended		Year Ended
	30-09-2021	30-06-2021	30-09-2020	30-09-2021	30-09-2020	31-03-2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from Operations	4,587	3,041	4,364	7,626	7,432	17,772
(b) Other Income	53	24	41	77	70	502
Total Income	4,640	3,065	4,505	7,703	7,502	18,274
2 Expenses						
a) Cost of Materials Consumed	2,195	1,322	1,845	3,517	2,399	5,833
b) Changes in Inventories of Work-in-Progress and Finished Goods	152	53	29	485	714	1,367
c) Employee Benefits Expense	691	727	768	1,418	1,393	3,004
d) Finance Costs	104	52	106	196	191	389
e) Depreciation and Amortisation Expense	162	166	308	328	619	951
f) Other Expenses	965	854	949	1,819	1,649	4,073
Total Expenses (a to f)	4,469	3,234	4,005	7,683	6,965	17,617
3 Profit/(Loss) Before Tax (1-2)	171	(169)	500	22	137	657
4 Tax Expense						
a) Current Tax	-	-	-	-	-	-
b) Provision Written Back	-	-	-	-	-	-
c) Deferred Tax	-	-	-	-	-	-
Total Tax Expenses	-	-	-	-	-	-
5 Profit / (Loss) for the period/year (3 +/- 4)	171	(169)	500	22	137	657
6 Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	1	1	(15)	1	(30)	18
b) Income tax relating to these items	-	-	(4)	-	-	-
Total Other Comprehensive Income	1	1	(19)	1	(30)	18
7 Total Comprehensive Income for the period/year (5 +/- 6)	172	(168)	481	23	107	675
8 Paid up Equity Share Capital (Face value Rs.10/- each)	-	-	-	-	-	1,259
9 Other Equity (excluding revaluation reserve)	-	-	-	-	-	-
10 Earnings Per Share						
Basic and Diluted (Rs)	1.36	(1.68)	1.97	0.17	1.09	5.22

Also refer to the accompanying notes

**JITENDR
A LOHIA**

**ASEEM
KRISHANM
OHAN
SRIVASTAV**



McNally Sayaji Engineering Limited		Rupees in Lakhs	
Consolidated Statement of Assets and Liabilities		As at	
PARTICULARS	30-09-2021	31-03-2021	
	Unaudited	Audited	
ASSETS			
Non-Current Assets			
Property, plant and equipment	11,935	12,259	
Capital work-in-progress	20	21	
Investment property	357	398	
Other intangible assets	4	3	
Financial Assets			
Investments	-	-	
Trade receivables	623	622	
Other financial assets	553	578	
Deferred tax assets	6,234	6,234	
Other non-current assets	148	148	
Total non-current assets	19,874	20,223	
Current assets			
Inventories	3,632	9,008	
Financial assets			
Trade receivables	3,946	7,799	
Cash and cash equivalents	1,522	1,091	
Bank balances other than above	125	295	
Other financial assets	257	367	
Current tax assets (net)	166	282	
Other current assets	2,447	2,646	
Total current assets	21,095	21,438	
Total assets	41,969	41,661	
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,259	1,259	
Other Equity (Reserve and Surplus)	5,338	5,315	
Total Equity	6,597	6,574	
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	1	3	
Trade payables			
A Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	1	1	
Other Financial liabilities	194	212	
Provisions	145	145	
Employee benefit obligations	401	394	
Total non-current liabilities	742	755	
Current liabilities			
Financial liabilities			
Borrowings	18,942	18,338	
Trade payables			
Trade payables	212	212	
A Total outstanding dues of Micro Enterprises and Small Enterprises	6,769	6,898	
B Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	5,194	5,650	
Provisions	84	85	
Employee benefit obligations	87	87	
Current tax liabilities	56	-	
Other current liabilities	3,286	3,041	
Total current liabilities	34,630	34,332	
Total Liabilities	35,372	35,067	
Total equity and liabilities	41,969	41,661	



**JITENDR
A LOHIA**

**ASEEM
KRISHANMOH
AN
SRIVASTAV**

McNally Sayaji Engineering Limited
Consolidated Statement of Cash Flows for the year ended 30th Sept, 2021

(All amounts in Rs lakhs, unless otherwise stated)

Notes	Half Year ended 30 Sept 2021	Half Year ended 30 Sept 2020
Cash flow from operating activities		
Profit/(Loss) before tax	23	137
Adjustments for:-		
Depreciation on Tangible Assets	328	619
Amortisation of Intangible assets	-	-
Interest income	(8)	(15)
Finance costs	158	191
Reclassification of Indas-116	11	-
Provision for bad and doubtful trade receivables	89	82
Liabilities no longer required written back	(6)	-
Provision for Warranty	43	4
Net exchange differences	1	2
Interest Income on unwinning on revenue deferred	-	(18)
Cash flow from operating activities before change in operating assets and liabilities	698	1,002
Decrease / (Increase) in trade and Other Receivables	(755)	(1,335)
Decrease / (Increase) in inventories	375	270
Increase / (Decrease) in Trade and Other Payables	(226)	1,355
Increase / (Decrease) in employee benefit obligations	7	(35)
Cash generated from operations	(160)	1,257
Income taxes (paid) / received	172	(2)
Net cash inflow from operating activities	12	1,255
Cash flows from investing activities		
Payments for property, plant and equipment	(13)	(20)
Interest received	8	15
Investment made	-	(57)
Net cash inflow (outflow) from investing activities	(5)	(62)
Cash flows from financing activities		
Repayment of borrowings	(8)	(9)
Interest paid	(158)	(191)
Net increase (decrease) in Cash Credit Facilities including WCDL	590	(48)
Payment of Dividend	-	-
Net cash outflow from financing activities	424	(679)
Net increase (decrease) in cash and cash equivalents	431	514
Cash and cash equivalents at opening of the year	1,091	521
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the year	1,522	1,035
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following	30-Sep-21	30-Sep-20
Cash and cash equivalents	1,522	1,036
Bank overdrafts	-	-
Balances per statement of cash flows	1,522	1,036

- The above Standalone Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flows'.
- Previous period figures have been rearranged/regrouped wherever necessary.



**JITENDR
A LOHIA**

Chartered Accountant
Firm No. 123456789
100, Main Street, New Delhi
110001, India
Phone: +91 11 1234 5678
Email: jitendra@jitendra.com

**ASEEM
KRISHANMO
HAN
SRIVASTAV**

Chartered Accountant
Firm No. 987654321
100, Main Street, New Delhi
110001, India
Phone: +91 11 9876 5432
Email: aseem@aseem.com

McNally Sayaji Engineering Limited

Notes to the Statement of Consolidated Unaudited Financial Results for the half year ended 30th September, 2021

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one Financial Creditor, being CP No.131/KB/2020, the NCLT Court, Kolkata Bench, while disposing off, admitted the application vide order dated 11th February, 2021 and directed to initiate Corporate Insolvency Resolution Process ("CIRP") against the Holding Company. CA Jitendra Lohia, registered with the Insolvency and Bankruptcy Board of India and having Registration No. IBB/IPA-001/IP-PO0170/2017-19/10339 has been appointed as the Interim Resolution Professional ("IRP") for the Holding Company. The said order dated 11th February, 2021 passed by the NCLT Court, Kolkata Bench, however, has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While, stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors and the IRP has been directed to ensure that the Holding Company remains going concern. Matter is pending for final disposal of the Hon'ble NCLAT, New Delhi.
2. The above Financial Results, have been reviewed and recommended by the Board of Directors (Suspended) as well as IRP at the management meeting held on 11th November, 2021.
3. The above consolidated Financial Results, except the Financial Results of subsidiary company, MBE Coal & Mineral Technology India Private Limited have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
4. 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, the Group's operation comprises of only one reporting segment. Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".
5. 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 lockdowns time to time. The COVID-19 has significantly impacted overall business operations globally and the Group is not an exception, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. However, post lockdown, gradually, with the operations having resumed in a phased manner considering directives from the GOI as well as respective State Governments, the business of the Group is regaining its normalcy in terms of volume as well as cash flow. However, further impact of second wave of COVID - 19 resulted in disruption in business operation having adverse effect in the performance, which is also evident in the



**JITENDR
A LOHIA**

MEMBER OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
MEMBER OF THE INSTITUTE OF COMPANY SECRETARIES OF INDIA
MEMBER OF THE INSTITUTE OF TAXPRACTISERS OF INDIA
MEMBER OF THE INSTITUTE OF DIRECTORS OF INDIA
MEMBER OF THE INSTITUTE OF FINANCIAL MANAGERS OF INDIA
MEMBER OF THE INSTITUTE OF BANKERS OF INDIA
MEMBER OF THE INSTITUTE OF MANAGEMENT ACCOUNTANTS OF INDIA
MEMBER OF THE INSTITUTE OF PERSONNEL MANAGEMENT OF INDIA
MEMBER OF THE INSTITUTE OF HUMAN RESOURCE MANAGEMENT OF INDIA
MEMBER OF THE INSTITUTE OF SOCIAL WORKERS OF INDIA
MEMBER OF THE INSTITUTE OF DISTANCE EDUCATION OF INDIA
MEMBER OF THE INSTITUTE OF OPEN DISTANCE EDUCATION OF INDIA
MEMBER OF THE INSTITUTE OF DISTANCE EDUCATION OF INDIA
MEMBER OF THE INSTITUTE OF OPEN DISTANCE EDUCATION OF INDIA

**AASEM
KRISHANMO
HAN
SRIVASTAV**

MEMBER OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA
MEMBER OF THE INSTITUTE OF COMPANY SECRETARIES OF INDIA
MEMBER OF THE INSTITUTE OF TAXPRACTISERS OF INDIA
MEMBER OF THE INSTITUTE OF DIRECTORS OF INDIA
MEMBER OF THE INSTITUTE OF FINANCIAL MANAGERS OF INDIA
MEMBER OF THE INSTITUTE OF BANKERS OF INDIA
MEMBER OF THE INSTITUTE OF MANAGEMENT ACCOUNTANTS OF INDIA
MEMBER OF THE INSTITUTE OF PERSONNEL MANAGEMENT OF INDIA
MEMBER OF THE INSTITUTE OF HUMAN RESOURCE MANAGEMENT OF INDIA
MEMBER OF THE INSTITUTE OF SOCIAL WORKERS OF INDIA
MEMBER OF THE INSTITUTE OF DISTANCE EDUCATION OF INDIA
MEMBER OF THE INSTITUTE OF OPEN DISTANCE EDUCATION OF INDIA
MEMBER OF THE INSTITUTE OF DISTANCE EDUCATION OF INDIA
MEMBER OF THE INSTITUTE OF OPEN DISTANCE EDUCATION OF INDIA

financial results of the half year of FY 2021-2022. The Group 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.

6. Pursuant to the order passed by the NCLT Court, Kolkata Bench, CIRP has been initiated against the Holding Company, as stated in para (1) above. However, in view of the direction of NCLAT, New Delhi, as mentioned in para (1) above, the Consolidated Financial Results have been prepared using the going concern basis of accounting.
7. Consequent upon the Holding Company categorised as Non-Performing Asset by the lender banks, majority of the lender banks have stopped debiting interest on debts. The Holding Company has not recognised interest expense Rs. 1,642.86 Lakhs on Bank Borrowings and Rs. 313.14 Lakhs on Inter-Corporate Borrowings for the half year ended 30th September, 2021 (including Rs. 729.78 and Rs. 157.43 interest expenses on Bank Borrowings and Inter Corporate Borrowings respectively for the quarter ended 30th September, 2021). Amount of interest expense not recognised on Bank Borrowings and Inter-Corporate Borrowings during the period from 1st April, 2019 to 31st March, 2021 were Rs. 6,746.89 Lakhs and Rs. 1,260.33 Lakhs respectively.
8. . The banking operation of the Holding Company with DBS Bank is being carried out through the Cash Credit Account, the balance of which was frozen at Rs. 1,218.80 lakhs, as outstanding dues of Cash Credit. Accordingly, net off (a) Rs.1,218.80 lakhs and (b) the debit balance in the said cash credit account (Rs. 1,006.33 lakhs as on 30th September, 2021 included in Borrowings under Current Liabilities), is the balance available in DBS Bank to the Holding Company (Rs. 212.47 lacs as on 30th September, 2021).
9. The Group had recognised Deferred Tax Assets amounting to Rs. 6,234.00 lakhs upto 31st March, 2019. Under the present circumstances, as stated in para (5) and (6) above, Company had not recognised Deferred Tax Assets thereafter taking a conservative approach.
10. On commencement of CIRP, as per the advice of IRP, complete evaluation of the non – moving and slow – moving inventories of the Holding Company has been initiated, in view of some items in Work-in-Progress found non – moving since long, over the years. Pending completion of evaluation process, however, preliminary evaluation resulted in identification of certain inventories (including Work-in-Progress) of the Holding Company having value of Rs. 875 Lakhs may require adjustment after final reconciliation. Necessary disclosures will be made in the Financial Statements for subsequent periods, on completion of complete comprehensive evaluation. In view of above, no provision has been taken in the Financial Statements for Rs. 875 Lakhs as stated above.



**JITENDR
A LOHIA**

**ASEEM
KRISHANM
OHAN
SRIVASTAV**

11. In earlier years, the Holding Company had issued a corporate guarantee in favour of the lender banks of its Parent Company, McNally Bharat Engineering Company Limited to the extent of value of fixed assets at Kumardhubi Unit-1 having a carrying value of Rs. 463.22 lakhs as at 30th September, 2021. The Auditors of McNally Bharat Engineering Company Limited expressed material uncertainty towards its going concern which is undergoing a debt restructuring plan. However, no provision has been considered in the Consolidated Financial Results in view of the Holding Company is under CIRP.
12. Term Loan facilities granted to the Holding Company by ICICI Bank Limited are secured, including against pledge over 23,37,211 number equity shares of the Holding Company held by McNally Bharat Engineering Company Limited. 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.1.00 has been adjusted towards the over-dues under the facilities availed by the Holding Company from ICICI Bank Limited. In view of impairment in the investment value in the books of McNally Bharat Engineering Company Limited, a claim of Rs. 4,079.54 lakhs has been lodged against the Holding Company. Pending decision with regard to acknowledgement of the said claim of McNally Bharat Engineering Company Limited vis-à-vis the present status under CIRP of the Holding Company as mentioned in para (1) above, no provision has been considered in the consolidated Financial Results.
13. Figures for the previous quarters/periods have been regrouped/rearranged wherever considered necessary.

Place : Kolkata

Dated: 11th November, 2021



JITENDRA
LOHIA

ASEEM
KRISHANMO
HAN
SRIVASTAV

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 Auditors' Report on the Limited Review of the Unaudited Consolidated Financial Results for the Quarter and Half Year ended 30th September, 2021 of McNally Sayaji Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015, as amended

**The Interim Resolution Professional of
McNally Sayaji Engineering Limited
Campus 2B, Ecospace Business Park
11F/12 Rajarhat, New Town
Kolkata - 700156**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), for the quarter and half year ended 30th September, 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 Interim Resolution Professional, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ("Ind AS 34") "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.



4. Basis for Adverse Conclusion

Non-Recognition of Interest Expense

The Holding Company has not recognised interest expense on Bank borrowings amounting to Rs. 1642.86 Lakhs and on Inter corporate Borrowing amounting to Rs. 313.14 for the half year ended 30th September, 2021 (including Rs. 729.78 Lakhs on Bank borrowing and Rs. 157.43 on Inter corporate borrowing respectively for the quarter ended 30th September, 2021) as referred in Note 7 to the statement. Amount of interest expenses not recognized on bank borrowings and inter corporate borrowings during the year ended 31st March, 2021 was Rs. 4,069 Lakhs and Rs. 629 Lakhs respectively. As a result, finance costs, interest liability and total comprehensive profit for the quarter and half year ended 30th September, 2021 are overstated 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 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 whether it contains any material misstatement.

6. Emphasis of Matters

- a) We draw attention to Note 1 to the Statement wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Holding Company vide an order dated 11th February 2021. Pursuant to this order, the powers of the Board of Directors were suspended and instead exercisable by Mr. Jitendra Lohia, IRP. The order has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors, the IRP has been directed to ensure that the Holding Company remains a going concern. The application is pending for final disposal before the Hon'ble NCLAT, New Delhi.
- b) We draw attention to Note 8 to the Statement that the banking operation of the Holding company with DBS Bank is being carried out through the cash credit account, limit whereof has been frozen at 1218.80 Lakhs. Accordingly, balance available in the said account is Rs 212.47 lakhs as on 30th September, 2021 within the said frozen limit.



c) Material uncertainty related to Going Concern

We draw attention to Notes 1 and 6 to the Statement stating that pursuant to the order dated 11th February, 2021 of the NCLT Court , Kolkata Bench , Corporate Insolvency Resolution Process (CIRP) has been initiated against the Holding company. However the said order has been challenged before the NCLAT, New Delhi which granted stay in the matter of constitution of Committee of Creditors and also directed to ensure that the company remained a going concern. The matter is pending for final disposal of the Hon'ble NCLAT , New Delhi. Hence the Consolidated Financial Results have been prepared using the going concern basis of accounting.

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

We draw attention to Note 5 of the Statement regarding the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Group.

e) Recognition of Deferred Tax Assets

We draw attention to Note 9 of the Statement that the Group had recognised deferred tax assets of Rs. 6,234 Lakhs upto 31st March, 2019 In the expectation that the group would be having adequate taxable profit in future against which the deferred tax assets could be realised, which is however solely dependent on the acceptance of the debt restructuring proposal. The Group has not recognised any deferred tax assets thereafter on prudent basis.

f) Non -adjustment of the carrying value of the Stock

We draw attention to Note 10 of the Statement regarding non-adjustment of the discrepancies observed on earlier physical verification of inventories by the management. As a result closing stock of work in progress is overstated by Rs 875 Lakhs and total comprehensive profit for the quarter and half year ended 30th September, 2021 are overstated to that extent.

g) Non-adjustment of the carrying value of the loan

We draw attention to Note 12 of the Statement regarding the lender, ICICI Bank's invocation per its letter dated 27th November 2020 of 23,37,211 Equity Shares of the Holding company for Rs 1 only pledged by its Parent Company, McNally Bharat Engineering Company Limited for term loan facility availed by the Holding company. The Holding Company has objected to such invocation by the Bank vide its letter dated 15th December 2020 and not made any adjustment to the carrying value of the Term Loan availed by the company.

h) Corporate Guarantee issued by the Holding Company

We draw attention to Note 11 of the Statement regarding the Holding Company's



issuance of Corporate Guarantee favouring its Parent Company, McNally Bharat Engineering Company Limited's lenders limited to the fixed assets value of its Kumardhubi Unit-1 having a book value of Rs. 463.22 Lakhs as on 30th September, 2021. The Audit Report of its aforesaid Parent Company for the year ended 31st March, 2021 had expressed material uncertainty as to its Going Concern status which is undergoing a debt restructuring proposal. Provision against the said guarantee in the Statement has not been considered necessary by the management during the half year ended 30th September, 2021.

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

7. Other Matter

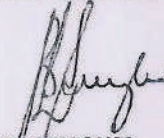
The Statement for the quarter and half year ended 30th September, 2021 includes the results of MBE Coal & Mineral Technology India Private Limited, a wholly owned subsidiary of the Holding Company which has been certified by the management and reviewed by us and its financial information, reflects total revenue of Rs. 638 Lakhs and total comprehensive loss of Rs. 277 Lakhs.

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

Place: Kolkata
Date: 11th November, 2021



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


(V.K. SINGHI)
Partner

Membership No. 050051
UDIN: 21050051AAAAII8503