

Regd. Office- Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700160 Phone No : 913330142280
Statement of Unaudited Standalone Financial Results For The Quarter and Nine Months Ended 31st December, 2021

Rupees in Lakhs

PARTICULARS	Quarter Ended			Nine Month Ended		Year Ended
	31-12-2021	30-09-2021	31-12-2020	31-12-2021	31-12-2020	31-03-2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
(a) Revenue from operations	3,640	4,354	4,847	10,636	10,992	15,842
(b) Other income	3	53	128	79	198	217
Total Income	3,643	4,407	4,975	10,715	11,190	16,059
2 Expenses						
a) Cost of materials consumed	1,837	1,990	2,681	4,970	4,868	7,016
b) Changes in inventories of work-in-progress and finished goods	(8)	352	(102)	397	612	1,367
c) Employee benefits expense	582	598	640	1,806	1,724	2,442
d) Finance costs	10	16	1	48	35	88
e) Depreciation and amortisation expense	164	159	163	487	776	939
f) Other expenses	1,006	1,052	1,174	2,656	2,452	3,226
Total expenses (a to f)	3,591	4,167	4,557	10,364	10,467	15,078
3 Profit/(Loss) before tax and exceptional items (1-2)	52	240	418	351	723	981
4 Exceptional items	--	--	--	--	--	--
5 Profit/(Loss) before tax (3-4)	52	240	418	351	723	981
6 Tax expense						
Current tax	--	--	--	--	--	--
7 Profit/ (Loss) for the period/year (5 +/-6)	52	240	418	351	723	981
8 Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	0	1	(14)	1	(43)	2
b) Income tax relating to these items	--	--	3	--	11	(1)
Total other comprehensive income, net of income tax	0	1	(11)	1	(32)	1
9 Total Comprehensive Income for the period (7 +/- 8)	52	241	407	352	691	982
10 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,259	1,259	1,259	1,259
11 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)						
Basic and Diluted	0.41	1.90	3.32	2.79	5.74	7.79
12 Reserves, excluding revaluation reserve						8,022

Also refer to the accompanying notes

For MCNALLY SAYAJI ENGINEERING LIMITED

[Signature]

Resolution Professional



McNally Sayaji Engineering Limited

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

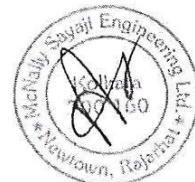
1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one Financial Creditor, being CP No.131/KB/2020, the NCLT Court, Kolkata Bench, while disposing of, admitted the application vide order dated 11th February, 2021 and directed to initiate Corporate Insolvency 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-P00170/2017-19/10339 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, had been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021 which has since been disposed of by the Hon'ble NCLAT by dismissing the appeal vide its order dated 29th November, 2021. Since then the Committee of Creditors (CoC) has also been constituted and CA Jitendra Lohia, having Registration No. IBBI/IPA-001/IP-P00170/2017-19/10339 has been appointed by CoC as the Resolution Professional ('RP') for the Company. As approved by the CoC at its meeting held on 14th December, 2021, the expenses towards professional fees amounting to Rs. 50.04 lakh included in Other Expenses for the period from the date of commencement of CIRP to 31st December, 2021 has been considered in the Financial Statement.
2. The above Financial Results have been reviewed and recommended by the Board of Directors (Suspended) as well as RP at the management meeting held on 11th February, 2022.
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 as lockdowns from time to time. The COVID-19 has significantly impacted overall business operations globally and the Company is no



For MC NALLY SAYAJI ENGINEERING LIMITED

J. Lohia

Resolution Professional



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 nine months 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.

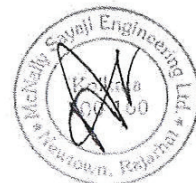
6. Pursuant to the order passed by the NCLT Court, Kolkata Bench, CIRP has been initiated against the Company, as stated in para (1) above. However, the Standalone Financial Results have been prepared using the going concern basis of accounting.
7. The Company has been categorised as Non-Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on debts. The Company has not recognised interest expense of Rs. 2,602.26 Lakhs on Bank Borrowings and Rs. 470.57 Lakhs on Inter-Corporate Borrowings for the nine months ended 31st December, 2021 (including Rs. 959.40 lacs and Rs. 157.43 lacs of interest expenses on Bank Borrowings and Inter Corporate Borrowings respectively for the quarter ended 31st December, 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 Company had recognised Deferred Tax Assets amounting to Rs. 5,397.00 lakhs upto 31st March, 2019. Under the present circumstances, as stated in para (5) and (6) above, the Company had not recognised Deferred Tax Assets thereafter taking a conservative approach.
9. On commencement of CIRP, as per the advice of IRP, complete evaluation of the non – moving and slow – moving inventories of the 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 Company having value of Rs. 875 Lakhs may require adjustment after final reconciliation. Necessary disclosures will be made in the Annual Financial Statement for the Financial Year 2021-22. For the time being, no provision has been taken in the Financial Statements for Rs. 875 Lakhs as stated above.



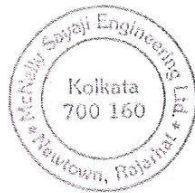
For MC NALLY SAYAJI ENGINEERING LIMITED

J. U. S.

Resolution Professional

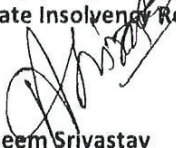


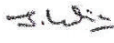
10. The advances / deposits made by the Company aggregating to Rs. 56 lakhs in earlier years are found uncertain to recover and accordingly considered in the Financial Result as and included in 'Other Expenses'.
11. Figures for the previous quarters/periods have been regrouped/rearranged wherever considered necessary.



Place : Kolkata
Dated: 11th February, 2022

For McNally Sayaji Engineering Ltd.
(Company Under Corporate Insolvency Resolution Process)


Aseem Srivastav
Whole Time Director(Suspended) & CEO
For MC NALLY SAYAJI ENGINEERING LIMITED


Resolution Professional
CA Jitendra Lohia
Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)



V. SINGHI & ASSOCIATES
Chartered Accountants

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

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

**The 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 Unaudited Standalone Financial Results of **MCNALLY SAYAJI ENGINEERING LIMITED** ("the Company") for the quarter and nine months ended 31st December, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Company's Management and approved by 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 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.

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 Company has not recognised interest expense on Bank borrowings amounting to Rs. 2602.26 Lakhs and on Inter corporate Borrowing amounting to Rs. 470.57 for the nine month ended 31st December, 2021 (including Rs. 959.40 Lakhs on Bank borrowing and Rs. 157.43 on Inter corporate borrowing respectively for the quarter ended 31st December, 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, total comprehensive profit for the quarter and nine months ended 31st December, 2021 is 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 Standalone 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 had been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021 which has since been disposed of by the Hon'ble NCLAT by dismissing the appeal vide its order dated 29th November, 2021. Since then the Committee of Creditors (CoC) has also been constituted and CA Jitendra Lohia, having Registration No. IBBI/IPA-001/IP-P00170/2017-19/10339 has been appointed by CoC as the Resolution Professional ('RP') for the Company. However, our opinion has not been modified in this regard.

b) We draw attention to Note 10 to the statement that the company has charged an amount aggregating to Rs. 56 lakhs under the head other expenses which were advances/ deposits whose recovery was uncertain. Further remaining receivables and other advances subjected to reconciliation and adjustments are pending.



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. The said order had been challenged before the NCLAT, New Delhi which has since disposed of the appeal and the Committee of Creditors has also been constituted. However the Unaudited 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 8 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 profit in future against which the deferred tax assets could be realized, which is however solely dependent on the acceptance of the debt restructuring proposal. The Company has therefore 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 9 of the Statement regarding non-adjustment of the discrepancies observed on earlier physical verification of the inventories by the management. As a result closing stock of work in process is overstated by Rs 875 Lakhs and total comprehensive profit for the quarter and nine months ended 31st December, 2021 are overstated to that extent.

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

Company has not adjust the claim of Rs Rs 4079.54 Lakhs which is filled by Holding Company regarding the lender, ICICI Bank's invocation per its letter dated 27th November 2020 of 23,37,211 Equity Shares of the company for Re 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

Company's issuance of Corporate Guarantee favoring 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. 459.27 Lakhs as on 31st December, 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 nine month ended 31st December, 2021.

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

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



A handwritten signature in blue ink, appearing to read "V.K. Singhi".

(V.K. SINGHI)
Partner

Membership No. 050051
UDIN:22050051ABKEIH7583

Place: Kolkata
Date: 11th February, 2022

MCNALLY SAYAJI ENGINEERING LIMITED						
CIN : L28999WB1943PLC133247, Web - Site : www.mcnallysayaji.com						
Regd. Office- Ecospace, Campus 2B, New Town, Rajarhat, Kolkata - 700156 Phone No : 913330142280						
Statement of Unaudited Consolidated Financial Results For The Quarter and Nine Months Ended 31st December, 2021						
PARTICULARS	Rupees in Lakhs					
	Quarter Ended			Nine Month Ended		Year Ended
	31-12-2021	30-09-2021	31-12-2020	31-12-2021	31-12-2020	31-03-2021
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income						
(a) Revenue from operations	4,188	4,587	5,329	11,816	12,361	17,772
(b) Other income	3	53	129	80	199	502
Total Income	4,191	4,640	5,458	11,896	12,560	18,274
2 Expenses						
a) Cost of materials consumed	2,084	2,195	2,931	5,601	5,330	7,833
b) Changes in inventories of work-in-progress and finished	(8)	352	(102)	397	612	1,367
c) Employee benefits expense	662	691	809	2,080	2,202	3,004
d) Finance costs	88	104	116	284	307	389
e) Depreciation and amortisation expense	166	162	166	494	785	951
f) Other expenses	1,243	965	1,364	3,062	3,013	4,073
Total expenses (a to f)	4,235	4,469	5,284	11,918	12,249	17,617
3 Profit/(Loss) before tax and exceptional items (1-2)	(44)	171	174	(22)	311	657
4 Exceptional items	--	--	--	--	--	--
5 Profit/(Loss) before tax (3-4)	(44)	171	174	(22)	311	657
6 Tax expense						
Current tax	--	--	--	--	--	--
7 Profit / (Loss) for the period/year (5 +/- 6)	(44)	171	174	(22)	311	657
8 Other Comprehensive Income						
Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment benefit obligations	0	1	(13)	1	(43)	18
b) Income tax relating to these items	--	--	11	--	11	--
Total Other Comprehensive Income, net of income tax	0	1	(2)	1	(32)	18
9 Total Comprehensive Income for the period (7+/- 8)	(44)	172	172	(21)	279	675
10 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,259	1,259	1,259	1,259
11 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)						
Basic and Diluted	(0.35)	1.36	1.38	(0.18)	2.47	5.22
12 Reserves, excluding revaluation reserve						5,283

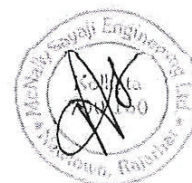
Also refer to the accompanying notes



For MCNALLY SAYAJI ENGINEERING LIMITED

[Signature]

Resolution Professional



McNally Sayaji Engineering Limited

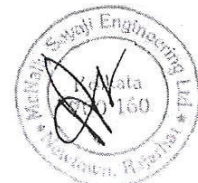
Notes to the Statement of Consolidated Unaudited Financial Results for the quarter and period ended 31st December, 2021

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 of, 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. IBBI/IPA-001/IP-P00170/2017-19/10339 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, had been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021 which has since been disposed of by the Hon'ble NCLAT by dismissing the appeal vide its order dated 29th November, 2021. Since then the Committee of Creditors (CoC) has also been constituted and CA Jitendra Lohia, having Registration No. IBBI/IPA-001/IP-P00170/2017-19/10339 has been appointed by CoC as the Resolution Professional ('RP') for the Holding Company. As approved by the CoC of the holding company at its meeting held on 14th December, 2021 the expenses towards professional fees amounting to Rs. 50.04 lakh included in Other Expenses for the period from the date of commencement of CIRP to 31st December, 2021 has been considered in the Financial Results.
2. The above Financial Results have been reviewed and recommended by the Board of Directors (Suspended) as well as RP at the management meeting held on 11th February, 2022.
3. The above 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 as lockdowns from time to time. The COVID-



For MCNALLY SAYAJI ENGINEERING LIMITED


Resolution Professional



19 has significantly impacted overall business operations globally and the Group is no 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 financial results of the nine months 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.

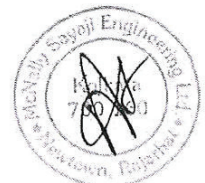
6. Pursuant to the order passed by the NCLT Court, Kolkata Bench, CIRP has been initiated against the Holding Company, as stated in para (1) above. However, the Consolidated Financial Results have been prepared using the going concern basis of accounting.
7. Consequent upon the Holding Company categorised 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 of Rs. 2,602.26 Lakhs on Bank Borrowings and Rs. 470.57 Lakhs on Inter-Corporate Borrowings for the nine months ended 31st December, 2021 (including Rs. 959.40 lacs and Rs. 157.43 lacs of interest expenses on Bank Borrowings and Inter Corporate Borrowings respectively for the quarter ended 31st December, 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 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, Group had not recognised Deferred Tax Assets thereafter taking a conservative approach.
9. 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 Annual Financial Statement for the Financial Year 2021-22. For the time being, no provision has been taken in the Financial Statements for Rs. 875 Lakhs as stated above.



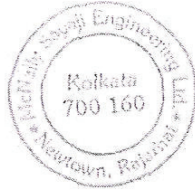
For MCNALLY SAYAJI ENGINEERING LIMITED

I. K. S.

Resolution Professional



10. The advances / deposits made by the Holding Company aggregating to Rs. 56 lakhs in earlier years are found uncertain to recover and accordingly considered in the Financial Result as and included in 'Other Expenses'.
11. Figures for the previous quarters/periods have been regrouped/rearranged wherever considered necessary.

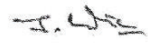


Place : Kolkata
Dated: 11th February, 2022

For McNally Sayaji Engineering Ltd.
(Company Under Corporate Insolvency Resolution Process)


Aseem Srivastav

Whole Time Director(Suspended) & CEO
For MCNALLY SAYAJI ENGINEERING LIMITED


CA Jitendra Lohia Professional
Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)



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

**The 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 Unaudited Consolidated 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 nine month ended 31st December, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19th July, 2019 ("the Circular").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's 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. 2602.26 Lakhs and on Inter corporate Borrowing amounting to Rs. 470.57 for the nine month ended 31st December, 2021 (including Rs. 959.40 Lakhs on Bank borrowing and Rs. 157.43 on Inter corporate borrowing respectively for the quarter ended 31st December, 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 loss for the quarter and nine months ended 31st December, 2021 are understated to that extent.

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

5. Based on our review 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 had been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021 which has since been disposed of by the Hon'ble NCLAT by dismissing the appeal vide its order dated 29th November, 2021. Since then the Committee of Creditors (CoC) has also been constituted and CA Jitendra Lohia, having Registration No. IBBI/IPA-001/IP-P00170/2017-19/10339 has been appointed by CoC as the Resolution Professional ('RP') for the Company. However, our opinion has not been modified in this regard.
- b) We draw attention to Note 10 to the statement that the company has charged an amount aggregating to Rs. 56 lakhs under the head other expenses which were advances/ deposits whose recovery was uncertain. Further remaining receivables and other advances subjected to reconciliation and adjustments are pending.



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. The said order had been challenged before the NCLAT, New Delhi which has since disposed of the appeal and the Committee of Creditors has also been constituted. However the Unaudited 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 8 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 realized, 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 9 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 process is overstated by Rs 875 Lakhs and total comprehensive loss for the quarter and nine month ended 31st December, 2021 are understated to that extent.

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

Company has not adjust the claim of Rs Rs 40.79 which is filled by Holding Company 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 Re 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

Company's issuance of Corporate Guarantee favoring 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 31st December, 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 nine months ended 31st December, 2021.

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



7. Other Matter

The Statement for the quarter and nine month ended 31st December, 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 its financial information, reflects total revenue of Rs. 1201.39 Lakhs and total comprehensive loss of Rs. 372.95 Lakhs.

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

For **V. SINGHI & ASSOCIATES**
Chartered Accountants

Firm Registration No.: 311017E



(V.K. SINGHI)
Partner

Membership No. 050051

UDIN:22050051ABKGPR8658

Place: Kolkata

Date: 11th February, 2022