

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 Audited Standalone Financial Results For The Quarter and Year Ended 31st March, 2022					
PARTICULARS	Rupees in Lakhs				
	Quarter Ended			Year Ended	
	31-03-2022	31-12-2021	31-03-2021	31-03-2022	31-03-2021
	Audited	Unaudited	Audited	Audited	Audited
1 Income					
(a) Revenue From Operations	5,098	3,640	4,850	15,734	15,842
(b) Other Income	273	3	19	352	217
Total Income	5,371	3,643	4,869	16,086	16,059
2 Expenses					
a) Cost of Materials Consumed	3,746	1,837	2,148	8,716	7,016
b) Changes in Inventories of Work-in-Progress and Finished Goods	(605)	(8)	755	(208)	1,367
c) Employee Benefits Expense	634	582	718	2,440	2,442
d) Finance Costs	69	10	53	117	88
e) Depreciation and Amortisation Expense	166	164	163	653	939
f) Other Expenses	2,783	1,006	773	5,439	3,226
Total Expenses (a to f)	6,793	3,591	4,611	17,157	15,078
3 Profit/(Loss) before Tax and Exceptional Items (1-2)	(1,422)	52	258	(1,071)	981
Exceptional Items	3,075	-	-	3,075	-
Profit/(Loss) before Tax	(4,497)	52	258	(4,146)	981
4 Tax Expenses					
a) Current Tax	-	-	-	-	-
b) Tax Earlier Year	(22)	-	-	(22)	-
c) Deferred Tax(Credit)	-	-	-	-	-
5 Profit/(Loss) for the period/ year (3+4)	(4,475)	52	258	(4,124)	981
6 Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
a) Remeasurements of Post-Employment Benefit Obligations	9	-	45	10	2
b) Income tax relating to these items	-	-	(12)	-	(1)
Total Other Comprehensive Income	9	-	33	10	1
7 Total Comprehensive Income for the period/Year (5+/- 6)	(4,466)	52	291	(4,114)	983
8 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,259	1,259	1,259
9 Other Equity (Excluding Revaluation Reserve)	-	-	-	3,907	8,022
10 Earning Per Share					
Basic and Diluted	(35.55)	0.41	2.05	(32.76)	7.79

Also refer to the accompanying notes

Place : Kolkata
Date : 27th May 2022



Purajit Roy
Chief Financial Officer

J. Lohia
CA Jitendra Lohia
Resolution Professional
[BBI/IPA/P00170/2017-18/10339]



McNally Sayaji Engineering Limited
Standalone Balance Sheet as at 31st March, 2022

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

Particulars	As at 31st March 2022	As at 31st March 2021
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	11,596	12,199
Capital Work-in-Progress	-	1
Investment Properties	355	358
Other Intangible Assets	4	4
Financial Assets		
Investments	2,700	2,700
Trade Receivables	767	450
Other Financial Assets	271	140
Deferred Tax Assets (Net)	5,397	5,397
Other Non-current Assets	128	140
Total Non-Current Assets	21,218	21,390
Current Assets		
Inventories	5,040	8,358
Financial Assets		
Trade Receivables	6,136	7,051
Cash and Cash Equivalents	1,974	1,888
Bank Balances Other than Above	111	235
Other Financial Assets	34	34
Current Tax Assets (Net)	55	118
Other Current Assets	2,318	2,053
Total Current Assets	15,668	19,737
Total Assets	36,886	41,126
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	1,259	1,259
Other Equity		
Reserves and Surplus	3,907	8,022
Total Equity	5,166	9,281
LIABILITIES		
Non-Current Liabilities		
Financial Liabilities		
Lease Liabilities	169	182
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	-	-
Employee Benefit Obligations	345	384
Total Non-Current Liabilities	514	566
Current Liabilities		
Financial Liabilities		
Borrowings	17,155	17,155
Lease Liabilities	42	40
Trade Payables		
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises	337	212
B. Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	5,081	4,624
Other Financial Liabilities	4,294	4,571
Provisions	53	54
Employee Benefit Obligations	71	73
Other Current Liabilities	4,173	4,549
Total Current Liabilities	31,206	31,277
Total Liabilities	31,720	31,844
Total Equity and Liabilities	36,886	41,125

Place : Kolkata
Date : 27th May 2022



Haie Roy
Purajit Roy
Chief Financial Officer

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



McNally Sayaji Engineering Limited
Standalone Statement of Cash Flows for the year ended 31st March , 2022

(All amounts are in Rs lakhs, unless otherwise stated)

	Year Ended 31 Mar 2022	Year Ended 31 Mar 2021
Cash flow from operating activities		
Profit/(Loss) before Tax	(4,146)	981
Adjustments for :-		
Depreciation and Amortisation Expense	653	939
Interest Income	(31)	(24)
Finance Costs	117	88
Allowance for Doubtful Debts - Trade Receivables / Other Assets	1,720	151
Advances written off	266	-
Liabilities no longer required written back	(217)	(99)
Provision no longer required written back	(1)	(26)
Net exchange Differences	(12)	(2)
Cash flow from operating activities before change in operating assets and liabilities	(1,651)	2,008
Decrease / (Increase) in trade Receivables and Other Assets	(1,616)	619
Decrease / (Increase) in inventories	3,318	1,459
Increase / (Decrease) in Trade & Other Payables	202	(1,636)
Increase / (Decrease) in Employee benefit obligations	(89)	12
Cash generated from operations	164	2,462
Income taxes (paid) / received	85	(60)
Net cash inflow from operating activities	249	2,402
Cash flows from investing activities		
Purchase of property, plant and equipment	(47)	(58)
Interest received	31	24
Fixed Deposit Matured	(19)	(76)
Net cash inflow (outflow) from investing activities	(35)	(110)
Cash flows from financing activities		
Repayment of Borrowings (Including Lease Obligation)	(11)	(11)
Interest paid	(117)	(88)
Net increase (decrease) in Cash Credit Facilities including WCCL	-	(807)
Net cash outflow from financing activities	(128)	(906)
Net increase (decrease) in cash and cash equivalents	86	1,386
Cash and cash equivalents at opening of the year	1,888	502
Cash and cash equivalents at end of the year	1,974	1,888
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>		
Cash and cash equivalents as per above comprise of the following	31st Mar 22	31st Mar 21
Cash and cash equivalents	1,974	1,888
Balances per Statement of Cash Flows	1,974	1,888

Place : Kolkata
Date : 27th May 2022



Purajit Roy
Purajit Roy
Chief Financial Officer

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



Notes to the Statement of Standalone Audited Financial Results for the quarter and year ended 31st March, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one Financial Creditors, being CP No.131/KB/2020, the NCLT Court, Kolkata Bench, while disposing of, admitted the application vide its order dated 11th February, 2021 and issued directions to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Jitendra Lohia (IBBI/IPA/P00170/2017-18/10339) was initially appointed as the Interim Resolution Professional in the said matter. Before the principal bench of the National Company Law Appellate Tribunal ("NCLAT") at New Delhi an appeal was also preferred against the said NCLT Court Order. The NCLAT vide its interim order on this appeal granted a stay on the constitution of Committee of Creditors ("CoC") until its final order in the matter. The Hon'ble NCLAT vide it's final order dated 29th November, 2021 disposed of the appeal by dismissing it. Thereafter, the Committee of Creditors (CoC) was constituted which held it first meeting on 14th December, 2021. At the said Meeting of the CoC all the resolutions including appointment of Interim Resolution Professional CA Jitendra Lohia as Resolution Professional were approved by e-voting by its requisite majority.

The CIRP under Insolvency and Bankruptcy Code, 2016 is in progress. However, the Standalone Statement of Financial results has been prepared on going concern basis.

2. The above results have been reviewed and recommended by the Board of Directors (suspended) as well as the RP at the management meeting held on 27th May, 2022.
3. The above results have also 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 as a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) had declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Company, by way of interruption in the business operations, supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as State Governments, the business of the Company is regaining normalcy in terms of volume as well as cash flow. The Company has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required at the current stage, impacted as it is due to Covid-19 pandemic exclusively, subject to adjustment stated in Para (8) and Para (9) below.



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6. The Company has been categorized as Non-Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on their debts. The Company has not recognised interest expense on Bank borrowings and on Inter-Corporate Borrowings for the financial years ended 31st March, 2020 and 31st March 2021, amounting to Rs. 6747 Lakhs and Rs. 1260 Lakhs on Bank Borrowings and Inter-Corporate Borrowings respectively. The CIRP has since been initiated against the Company on and from 11th February, 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded in the Company's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Parent Company, McNally Bharat Engineering Company Limited against which Company had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims.
7. The Company had recognised Deferred Tax Assets amounting to Rs. 5,397 lakhs upto 31st March, 2019. Under the present circumstances, as stated in para (1) above, Company had not recognised Deferred Tax Assets thereafter taking a conservative approach.
8. The financial performance of the Company having been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control followed by unprecedented situation precipitated by the outbreak of COVID-19 pandemic resulting in accumulation of non-moving and slow-moving inventories, complete evaluation of such inventories, including physical verifications vis-à-vis fair estimates of Net Realizable Value (NRV) of the stock of Raw Materials, Stores and Work in Progress have been conducted. Based on the above evaluation, some items of Raw Material Stock and Work in Progress of estimated value of ₹ 3075 Lakhs in aggregate are considered and charged as Exceptional Items in the Statement of Financial Results of the Company.
9. Based on critical review of the prospects of realisability of the long pending outstanding receivables towards sales / services rendered as well as advances to vendors / contractors, expected credit losses aggregating to Rs. 1986 lakhs have been considered and charged under the head "Other Expenses" in the statement of financial results of the Company.
10. In earlier years, the Company had issued a corporate guarantee in favour of the lender banks of the Holding Company, McNally Bharat Engineering Company Limited to the extent of book value of fixed assets of Rs 457 Lakhs at Kumardhubi Unit-1 as on 31st March, 2022. On commencement of Corporate Insolvency Resolution Process initiated against the Company under the Insolvency and Bankruptcy Code, 2016, the lender Banks of the Holding Company have duly submitted their claims in respect of the borrowings of the Holding Company in default and the admitted claims thereof, amounting to Rs. 6189 Lakhs in aggregate. However, pending the Resolution Process initiated against the Company under the Insolvency and Bankruptcy Code, 2016, no provisions against the admitted claims of the lender banks of the Holding Company have been made in the results of the Company.



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11. Due to economic downturn with the outbreak of COVID-19 pandemic, the net worth of the wholly owned subsidiary, MBE Coal and Mineral Technologies India Private Limited has been fully eroded resulting in consequential impairment in the investment of the Company to lower than the cost as on the date of the Financial Results under review. However, in view of established brand value of its products and potential business prospects of the subsidiary as well as the company undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016, the impairment to the investment holding subsidiary has not been recognized in the Financial Results of the Company.

12. The Holding Company's operation with DBS Bank carried out through the Cash Credit Account, was frozen at outstanding dues of Rs. 1219 lakhs, in earlier year and recognised as Borrowings under 'Current Liabilities'. The realization of Rs. 391 lakhs thereafter in the said account was accounted for and shown as Cash and Cash Equivalent under Current Assets.

Similarly, with the commencement of CIRP, the outstanding balances as on the date of the commencement of CIRP (11th February, 2021) in other banks' Cash Credit Accounts were also been frozen and subsequent reduction in the outstanding balances in these Cash Credit Accounts aggregating to Rs 26 Lakhs (including Rs 6 Lakhs pertaining to earlier year) as on 31st March, 2022 have been included in Cash & Cash Equivalents under 'Current Assets' so as to reflect the Borrowings under 'Current Liabilities' at the frozen outstanding Cash Credit balance as of 11th February, 2022 i.e. the date of CIRP commencement.

13. Under the CIRP, pursuant to provisions of Insolvency & Bankruptcy Code 2016, the claims submitted by the operational creditors of the Company admitted and duly disclosed in the public domain are net of advances lying unadjusted to such operational creditors as on the date of commencement of CIRP (11th February, 2021). However, the said adjustment of advances against the liabilities to the operational creditors has been shown separately without netting off in the financial results prepared as per the provision of Schedule-III, the Companies Act 2013.

14. Figures for the previous quarters/periods/year have been regrouped/rearranged/reinstated wherever considered necessary

Place : Kolkata
Dated: 27th May, 2022

McNally Sayaji Engineering Limited

Purajit Roy
PURAJIT ROY
Chief Financial Officer
(Purajit Roy)

Chief Financial Officer

For MC NALLY SAYAJI ENGINEERING LIMITED

Jitendra Lohia
Resolution Professional
(Jitendra Lohia)

Resolution Professional



V. SINGHI & ASSOCIATES
Chartered Accountants

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Surendra Mohan Ghosh Sarani
Kolkata – 700 001

Independent Auditor's Report on the Standalone Financial Results of McNally Sayaji Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015

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

Report on the Audit of the Standalone Financial Results

Adverse Opinion

We have reviewed the accompanying Standalone Financial Results ("the Statement") of McNally Sayaji Engineering Limited ("the Company") for the quarter and year ended on 31st March, 2022, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. is not presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard, and
- b. does not give a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net loss, total comprehensive income and other financial information for the quarter and the year ended on 31st March, 2022.



Basis for Adverse Opinion

Non-Recognition of Interest Expense

The Company has not recognized interest expense on Bank borrowings amounting to Rs.6747 Lakhs and Rs. 1260 Lakhs on Inter-Corporate Borrowings for the financial year ended 31st March, 2021 as referred in **Note 6** of the Statement. The CIRP has since been initiated against the Company on and from 11th February, 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded in the Company's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Parent Company, McNally Bharat Engineering Company Limited against which Company had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims. As a result, finance Costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2021 are understated to that extent.

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

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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 are excisable by the Mr. Jitendra Lohia. Before the principal bench of the National Company Law Appellate Tribunal (“NCLAT”) at New Delhi an appeal was preferred against the said NCLT court order. The Hon’ble NCLAT vide it’s final order



dated 29th November, 2021 disposed of the appeal by dismissing it. Thereafter, the Committee of Creditors (CoC), at its first Meeting held on 14th December, 2021, appointed CA Jitendra Lohia as Resolution Professional by the requisite majority through e-voting.

b) Material uncertainty related to Going Concern

We draw attention to **Note 5** to the Statement that although the Company has incurred a net loss of Rs.4146 Lakhs during the financial year ended 31st March, 2022. It was unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the investor and 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 management's assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.

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

We draw attention to **Note 8** of the Statement which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position matters of the Company. Based on physical verification and fair estimation of Net Realizable Value of non-moving and slow-moving inventories, complete evaluation of such inventories, including physical verifications vis-à-vis fair estimates of Net Realizable Value of some stock items of Raw Material and Work in Progress of Rs. 3075 Lakhs aggregate has been charged as exceptional item in the Statement.

d) Recognition of Deferred Tax Assets

We draw attention to **Note 7** of the Statement stating that the Company had recognized deferred tax assets of Rs. 5,397 Lakhs upto 31st March, 2019 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 for the year as well as for the preceding years on prudent basis.



e) Corporate Guarantee issued by the Company

We draw attention to **Note 10** of the Statement regarding corporate guarantee issued by the Company in favour of the lenders of the Parent Company, McNally Bharat Engineering Company Limited to the extent of book value of fixed assets of Rs. 457 Lakhs at Kumardubi Unit-1 as on 31st March, 2022. Pending the Resolution Process initiated against the Company under the Insolvency and Bankruptcy Code, 2016, no provisions against the admitted claims of the lender banks of the Holding Company have been made in the results of the Company.

f) Non recognition of liability

We draw attention to the Statement regarding the put option agreement entered by the Holding Company with EIG (Mauritus) Limited, of which the company is also a part. The investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore against the Holding Company and the Company as Respondent No. 1 and Respondent No. 2 respectively. The Arbitrator issued a dissenting opinion requiring the respondents to pay damages amounting to Rs. 18,841 lakh (including interest) and legal cost. The award was challenged in the High Court of the Republic of Singapore but the matter was dismissed in favour of EIG (Mauritus) Limited. The claim submitted by EIG (Mauritus) Limited under the Insolvency & Bankruptcy Code 2016 amounting to Rs. 18,111 lakhs has not, however, been admitted by the Resolution Professional.

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

We draw attention to the Statement regarding invocation of pledge over 23,37,211 Nos of Equity Shares of the company held by Parent Company, McNally Bharat Engineering Company Limited by the lender Bank 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 company. In view of impairment in the investment value in the books of McNally Bharat Engineering Company Limited, a claim of Rs. 4079 lakhs had been lodged against the Company. The said claim of McNally Bharat Engineering Company Limited not having been admitted by the Resolution Professional of the Company, no provision has been considered in the financial results of the Company.



h) Non-Adjustment of the Long Outstanding Balances

We draw attention to **Note 9** to the Statement regarding prospects of realisability of long pending outstanding receivables towards sales / services rendered as well as advances to vendors / contractors, expected credit losses aggregating to Rs. 1986 lakhs have been considered and charged under the head "Other Expenses" in the statement of financial results of the Company.

i) Impairment in the value of Shares of Subsidiary Company

We draw attention to **Note 11** of the Statement regarding the net worth of the wholly owned subsidiary namely "MBE COAL & MINERAL TECHNOLOGY INDIA PVT. LTD." whose net worth has been fully eroded resulting in consequential impairment in the value of investment of the Company as on the date of the Financial Results under review. However, in view of established brand value of its products and potential business prospects of the subsidiary as well as the company undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016, the impairment to the investment by the holding company has not been recognized in the Financial Results of the Company.

j) Current Liabilities and Cash and Cash Equivalent

We draw attention to **Note 12** of the Statement regarding the Holding Company's operation with DBS Bank carried out through the Cash Credit Account, was frozen at outstanding dues of Rs. 1219 lakhs, in earlier year and recognized as Borrowings under 'Current Liabilities'. The realization of Rs. 391 lakhs thereafter in the said account was accounted for and shown as Cash and Cash Equivalent under Current Assets. Similarly, with the commencement of CIRP, the outstanding balances as on the date of the commencement of CIRP (11th February, 2021) in other banks' Cash Credit Accounts were also been frozen and subsequent reduction in the outstanding balances in these Cash Credit Accounts aggregating to Rs 26 Lakhs (including Rs 6 Lakhs pertaining to earlier year) as on 31st March, 2022 have been included in Cash & Cash Equivalents under 'Current Assets' so as to reflect the Borrowings under 'Current Liabilities' at the frozen outstanding Cash Credit balance as of 11th February, 2022 i.e. the date of COC Meeting.

Our opinion is not modified in respect of these matters.



Management's Responsibilities for the Standalone Financial Results

This Statement, which is the responsibility of the Company's Management by the Board of Directors/IRP and approved in their meeting, has been prepared on the basis of the related annual Standalone Financial Statements of the Company. The Company's management is responsible for the preparation and presentation of these Standalone Financial Results that give a true and fair view of the loss and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The management of the company is also responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain



professional skepticism throughout the audit. We also:

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

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



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

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- (i) The Standalone Financial Results include the results for the quarter ended 31st March, 2022 being the derived figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were reviewed by us.

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



D. Pal Choudhury

(D. Pal Choudhury)
Partner

Membership No.: 016830
UDIN: 22016830 AJTVJW 8785

Place: Kolkata
Date: 27th May, 2022

MCNALLY SAYAJI ENGINEERING LIMITED

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

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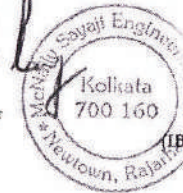
Statement of Audited Consolidated Financial Results For The Quarter and Year Ended 31st March, 2022

PARTICULARS	Rupees in Lakhs				
	Quarter Ended			Year Ended	
	31-03-2022	31-12-2021	31-03-2021	31-03-2022	31-03-2021
	Audited	Unaudited	Audited	Audited	Audited
1 Income					
(a) Revenue From Operations	5,405	4,188	5,411	17,221	17,772
(b) Other Income	815	3	303	895	502
Total Income	6,220	4,191	5,714	18,116	18,274
2 Expenses					
a) Cost of Materials Consumed	3,880	2,084	2,503	9,481	7,833
b) Changes in Inventories of Work-in-Progress and Finished Goods	(605)	(8)	755	(208)	1,367
c) Employee Benefits Expense	696	662	802	2,776	3,004
d) Finance Costs	148	88	82	432	389
e) Depreciation and Amortisation Expense	169	166	166	663	951
f) Other Expenses	3,200	1,243	1,060	6,262	4,073
Total Expenses (a to f)	7,488	4,235	5,368	19,406	17,617
3 Profit/(Loss) before Tax and Exceptional Items (1-2)	(1,268)	(44)	346	(1,290)	657
Exceptional Items	3,075	--	--	3,075	--
Profit/(Loss) before Tax	(4,343)	(44)	346	(4,365)	657
4 Tax Expenses					
a) Current Tax	--	--	--	--	--
b) Tax Earlier Year	(22)	--	--	(22)	--
c) Deffered Tax(Credit)	--	--	--	--	--
5 Profit/(Loss) for the period/ year (3+-4)	(4,321)	(44)	346	(4,343)	657
6 Other Comprehensive Income					
Items that will not be reclassified to profit or loss					
a) Remeasurements of Post-Employment Benefit Obligations	34	--	61	35	18
b) Income tax relating to these items	--	--	(11)	--	--
Total Other Comprehensive Income	34	--	50	35	18
7 Total Comprehensive Income for the period/Year (5+- 6)	(4,287)	(44)	396	(4,308)	676
8 Paid up Equity Share Capital (Face value Rs.10/- per share)				1,259	1,259
9 Other Equity (Excluding Revaluation Reserve)				1,006	5,283
10 Earning Per Share					
Basic and Diluted	(34.32)	(0.35)	2.75	(34.50)	5.21

Also refer to the accompanying notes

Place : Kolkata
Date : 27th May 2022

Purajit Roy
Purajit Roy
Chief Financial Officer



J. Lohia
CA Jitendra Lohia
Resolution Professional
(IBBI/TPA/P00170/2017-18/10339)



McNally Sayaji Engineering Limited
Consolidated Balance Sheet as at 31st March , 2022

(All amounts are in Rs lakhs, unless otherwise stated)

PARTICULARS	As at	As at
	31-03-2022	31-03-2021
	Audited	Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	11,648	12,262
Capital work-in-progress	20	21
Investment property	355	358
Other intangible assets	6	1
Financial Assets		
Trade receivables	939	622
Other financial assets	770	478
Deferred tax assets	6,234	6,234
Other non-current assets	134	148
Total non-current assets	20,106	20,124
Current assets		
Inventories	5,300	9,156
Financial assets		
Trade receivables	7,925	7,587
Cash and cash equivalents	1,978	1,091
Bank balances other than above	116	236
Other financial assets	720	403
Current tax assets (net)	228	266
Other current assets	2,516	2,798
Total current assets	18,783	21,537
Total assets	38,889	41,661
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,259	1,259
Other equity		
Reserve and Surplus	1,006	5,282
Total Equity	2,265	6,541
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	-	3
Lease Liabilities	169	-
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
Other financial liabilities		212
Provisions	145	165
Employee benefit obligations	347	394
Total non-current liabilities	661	775
Current liabilities		
Financial liabilities		
Borrowings	19,000	18,330
Lease Liabilities	42	-
Trade payables		
A. Total outstanding dues of Micro Enterprises and Small Enterprises	347	212
B. Total outstanding dues of Creditors Other than Micro Enterprises	6,718	6,831
Other financial liabilities	5,226	5,625
Provisions	68	86
Employee Benefit Obligations	84	87
Current Tax Liabilities	-	558
Other current liabilities	4,477	2,615
Total current liabilities	35,962	34,344
Total liabilities	36,623	35,119
Total equity and liabilities	38,889	41,661

* amount is below rounding off norm adopted by the Company

Place : Kolkata
Date : 27th May 2022



Signature
Purajit Roy
Chief Financial Officer

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



McNally Sayaji Engineering Limited
Consolidated Statement of Cash Flows for the year ended 31st March , 2022

(All amounts are in Rs lakhs, unless otherwise stated)

	Year Ended 31 Mar 2022	Year Ended 31 Mar 2021
Cash flow from operating activities		
Profit/(Loss) before Tax	(4,364)	656
Adjustments for :-		
Depreciation and Amortisation Expense	662	951
Interest Income	(92)	(24)
Finance Costs	432	389
Provision for Bad and Doubtful Trade Receivables	1,898	151
Advances written off	266	-
Liabilities no longer required written back	(673)	(99)
Provision no longer required written back	(1)	(26)
Provision for Warranty	(26)	4
Net exchange Differences	(12)	3
	(1,910)	2,005
Cash flow from operating activities before change in operating assets and liabilities		
Decrease / (Increase) in trade Receivables and Other Assets	(750)	495
Decrease / (Increase) in inventories	3,708	1,615
Increase / (Decrease) in Trade & Other Payables	187	(1,484)
Increase / (Decrease) in Employee benefit obligations and Other Liabilities	(647)	12
Increase/ (Decrease) in Unwinding of Interest	61	-
Cash generated from operations	649	2,643
Income taxes (paid) / received	76	(64)
Net cash inflow from operating activities	725	2,579
Cash flows from investing activities		
Purchase of property, plant and equipment	(49)	(64)
Interest received	31	24
Fixed Deposit Matured	(19)	(76)
Net cash inflow (outflow) from investing activities	(37)	(116)
Cash flows from financing activities		
Repayment of Borrowings (Including Lease Obligation)	(196)	129
Interest paid	(432)	(389)
Net increase (decrease) in Cash Credit Facilities including WCCL	-	(1,633)
Net cash outflow from financing activities	(628)	(1,893)
Net increase (decrease) in cash and cash equivalents	60	570
Cash and cash equivalents at opening of the year	1,918	521
Cash and cash equivalents at end of the year	1,978	1,091
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>		
Cash and cash equivalents as per above comprise of the following	31st Mar 22	31st Mar 21
Cash and cash equivalents	1,978	1,091
Balances per Statement of Cash Flows	1,978	1,091

* Opening cash balance is reinstated Rs 827

Place : Kolkata
Date : 27th May 2022

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Purajit Roy
Chief Financial Officer



J. U.
CA Jitendra Lohia
Resolution Professional
(IBBI/PA/P00170/2017-18/10339)



McNally Sayaji Engineering Limited

Notes to the Statement of Consolidated Audited Financial Results for the quarter and year ended 31st March, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one Financial Creditors, being CP No.131/KB/2020, the NCLT Court, Kolkata Bench, while disposing of, admitted the application vide its order dated 11th February, 2021 and issued directions to initiate Corporate Insolvency Resolution Process (CIRP) against the Holding Company. CA Jitendra Lohia (IBBI/IPA/P00170/2017-18/10339) was initially appointed as the Interim Resolution Professional in the said matter. Before the principal bench of the National Company Law Appellate Tribunal ("NCLAT") at New Delhi an appeal was also preferred against the said NCLT Court Order. The NCLAT vide its interim order on this appeal granted a stay on the constitution of Committee of Creditors ("CoC") until its final order in the matter. The Hon'ble NCLAT vide its final order dated 29th November, 2021 disposed of the appeal by dismissing it. Thereafter, the Committee of Creditors (CoC) was constituted which held its first meeting on 14th December, 2021. At the said Meeting of the CoC all the resolutions including appointment of Interim Resolution Professional CA Jitendra Lohia as Resolution Professional were approved through e-voting by its requisite majority.
2. The above consolidated results have been reviewed and recommended by the Board of Directors (suspended) as well as the RP at the management meeting held on 27th May, 2022.
3. The above consolidated results have also 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 as a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) had declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID-19 has significantly impacted business operations of the Group, by way of interruption in the business operations, supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as State Governments, the business is regaining normalcy in terms of volume as well as cash flow. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required at the current stage, impacted as it is due to Covid-19 pandemic exclusively, subject to adjustment stated in Para (8) and Para (9) below.
6. The Holding Company has been categorized as Non-Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on their debts. The Holding Company has not recognised interest expense on Bank borrowings and on Inter-Corporate Borrowings since the financial year ended 31st March, 2020 and 31st March 2021, amounting to Rs. 6747 Lakhs and



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Rs. 1260 Lakhs on Bank Borrowings and Inter-Corporate Borrowings respectively. The CIRP has since been initiated against the Holding Company on and from 11th February, 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process, based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded in the Holding Company's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Parent Company, McNally Bharat Engineering Company Limited against which Holding Company had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims.

7. The Group had recognised Deferred Tax Assets amounting to Rs. 6,234 lakhs upto 31st March, 2019. Under the present circumstances, as stated in para (1) above and (13) below, Company had not recognised Deferred Tax Assets thereafter taking a conservative approach.
8. a) The financial performance of the Holding Company having been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Holding Company's control followed by unprecedented situation precipitated by the outbreak of COVID-19 pandemic resulting in accumulation of non-moving and slow-moving inventories, complete evaluation of such inventories, including physical verifications vis-à-vis fair estimates of Net Realizable Value (NRV) of the stock of Raw Materials, Stores and Work in Progress have been conducted. Based on the above evaluation, some items of Raw Material Stock and Work in Progress of estimated value of ₹ 3075 Lakhs in aggregate are considered and charged as Exceptional Items in the Consolidated Statement of Financial Results.

b) Due to economic downturn with the outbreak of COVID-19 pandemic, the net worth of the wholly owned subsidiary, MBE Coal and Mineral Technologies India Private Limited has been fully eroded resulting in consequential impairment in the investment of the Holding Company to lower than the cost as on the date of the Financial Results under review. However, in view of established brand value of its products and potential business prospects of the subsidiary as well as the Holding company undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016, as stated in paragraph (1) above, the consolidated financial results have been prepared using the going concern basis of accounting, without recognizing the impairment to the investment holding subsidiary in the consolidated financial results.
9. Based on critical review of the prospects of realisability of the long pending outstanding receivables towards sales / services rendered as well as advances to vendors / contractors, expected credit losses aggregating to Rs. 2164 lakhs have been considered and charged under the head "Other Expenses" in the consolidated statement of financial results.
10. In earlier years, the Holding Company had issued a corporate guarantee in favour of the lender banks of the Parent Company, McNally Bharat Engineering Company Limited to the extent of book value of fixed assets of Rs 457 Lakhs at Kumardhubi Unit-1 as on 31st March, 2022. On commencement of Corporate Insolvency Resolution Process initiated against the Holding Company under the Insolvency and Bankruptcy Code, 2016, the lender Banks of the Parent Company have duly submitted their claims in respect of the borrowings of the Parent Company in default and the admitted claims thereof,



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amounting to Rs. 6189 Lakh in aggregate. However, pending the Resolution Process initiated against the Holding Company under the Insolvency and Bankruptcy Code, 2016, no provisions against the admitted claims of the lender banks of the Parent Company have been made in the consolidated results.

11. The Holding Company's operation with DBS Bank carried out through the Cash Credit Account, was frozen at outstanding dues of Rs. 1219 lakhs, in earlier year and recognised as Borrowings under 'Current Liabilities'. The realization of Rs. 391 lakhs thereafter in the said account was accounted for and shown as Cash and Cash Equivalent under Current Assets.

Similarly, with the commencement of CIRP, the outstanding balances as on the date of the commencement of CIRP (11th February, 2021) in other banks' Cash Credit Accounts were also been frozen and subsequent reduction in the outstanding balances in these Cash Credit Accounts aggregating to Rs 26 Lakhs (including Rs 6 Lakhs pertaining to earlier year) as on 31st March, 2022 have been included in Cash & Cash Equivalents under 'Current Assets' so as to reflect the Borrowings under 'Current Liabilities' at the frozen outstanding Cash Credit balance as of 11th February, 2022 i.e. the date of COC Meeting.

12. Under the CIRP, pursuant to provisions of Insolvency & Bankruptcy Code 2016, the claims submitted by the operational creditors of the Holding Company admitted and duly disclosed in the public domain are net of advances lying unadjusted to such operational creditors as on the date of commencement of CIRP (11th February, 2021). However, the said adjustment of advances against the liabilities to the operational creditors has been shown separately without netting off in the consolidated financial results prepared as per the provision of Schedule-III, the Companies Act 2013.

13. Figures for the previous quarters/periods/year have been regrouped/ rearranged/reinstated wherever considered necessary.

Place : Kolkata
Dated: 27th May, 2022

McNally Sayaji Engineering Limited
Purajit Roy
PURAJIT ROY
Chief Financial Officer
(Purajit Roy)
Chief Financial Officer

FOR MCNALLY SAYAJI ENGINEERING LIMITED

Jitendra Lohia
Resolution Professional
(Jitendra Lohia)
Resolution Professional



Independent Auditor's Report on the Consolidated Financial Results of McNally Sayaji Engineering Limited pursuant to the Regulation 33 of the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015

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

Report on the Audit of the Consolidated Financial Results

Adverse Opinion

We have reviewed the accompanying Consolidated Financial Results ("the Statement") 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 year ended on 31st March, 2022, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us, and based on the audit reports on Financial Results of the subsidiary company, the Statement:

- a. Includes the audited financial results of MBE Coal & Mineral Technology India Private Limited, a wholly owned subsidiary of the Holding Company,
- b. is not presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard, and
- c. does not give a true and fair view, in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net loss, total comprehensive Income and other financial information for the quarter and the year ended on 31st March, 2022.



Basis for Adverse Opinion

Non-Recognition of Interest Expense

The Holding Company has not recognized interest expense on Bank borrowings amounting to Rs.6747 Lakhs and Rs. 1260 Lakhs on Inter - Corporate Borrowings for the financial year ended 31st March, 2021 as referred in **Note 6** of the Statement. The CIRP has since been initiated against the Company on and from 11th February , 2021 pursuant to the order passed by the Hon'ble NCLT Court, Kolkata Bench in the matter of the application filed by one of the lender banks and in the process based on the claims submitted by the lender banks, the claims admitted by the Resolution Professional, uploaded in the Company's website are Rs.22,019 lakhs in aggregate (excluding admitted claims of the financial creditors relating to the Bank Borrowings of Parent Company, McNally Bharat Engineering Company Limited against which Company had issued a corporate guarantee and created exclusive first charge on the fixed assets of Kumardhubi Unit-1) and Rs.63 lakhs against Inter-Corporate Borrowing claims. As a result, finance Costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2021 are understated to that extent.

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

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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 are excisable by the Mr. Jitendra Lohia. Before the principal bench of the National Company Law Appellate Tribunal (“NCLAT”) at New Delhi an appeal was preferred against the said NCLT court order. The Hon’ble NCLAT vide it’s final order dated 29 th November , 2021 disposed of the appeal by dismissing it. Thereafter, the



Committee of Creditors (CoC), at its first Meeting held on 14th December, 2021, appointed CA Jitendra Lohia as Resolution Professional by the requisite majority through e-voting.

b) Material uncertainty related to Going Concern

We draw attention to **Note 5** to the Statement that although the Group has incurred a net loss of Rs. 4,365 Lakhs during the financial year ended 31st March, 2022 and the Holding Company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding Company is currently in discussion with the investor and 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 Group to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Based on the management's assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.

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

We draw attention to **Note 8** of the Statement which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position matters of the Company. Based on physical verification and fair estimation of Net Realizable Value of non-moving and slow-moving inventories, complete evaluation of such inventories, including physical verifications vis-à-vis fair estimates of Net Realizable Value of some stock items of Raw Material and Work in Progress of Rs. 3075 Lakhs aggregate has been charged as exceptional item in the Statement

d) Recognition of Deferred Tax Assets

We draw attention to **Note 7** of the Statement stating that the Group had recognized deferred tax assets of Rs. 6,234 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be realized, which is solely dependent on the acceptance of the debt restructuring proposal. However, the Group has not recognised further deferred tax assets for the year as well as for the preceding years on prudent basis.



e) Corporate Guarantee issued by the Company

We draw attention to **Note 10** of the Statement regarding corporate guarantee issued by the Company in favour of the lenders of McNally Bharat Engineering Company Limited, ("the Parent Company") to the extent of value of fixed assets at Kumardubi Unit-1 having a book value of Rs. 457 Lakhs as on 31st March, 2022. Pending the Resolution Process initiated against the Company under the Insolvency and Bankruptcy Code, 2016, no provisions against the admitted claims of the lender banks of the Holding Company have been made in the results of the Group.

f) Non recognition of liability

We draw attention to the Statement regarding the put option agreement entered by the Parent Company with EIG (Mauritus) Limited, of which the Holding Company is also a part. The investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore against the Parent Company and the Holding Company as Respondent No. 1 and Respondent No. 2 respectively. The Arbitrator issued a dissenting opinion requiring the respondents to pay damages amounting to Rs. 18,841 lakh (including interest) and legal cost. The award was challenged in the High Court of the Republic of Singapore but the matter was dismissed in favour of EIG (Mauritus) Limited. The claim submitted by EIG (Mauritus) Limited under the Insolvency & Bankruptcy Code 2016 amounting to Rs. 18,111 lakhs has not, however, been admitted by the Resolution Professional.

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

We draw attention to the Statement regarding invocation of pledge over 23,37,211 Equity Shares of the Holding Company held by Parent Company, McNally Bharat Engineering Company Limited by the lender Bank 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 company. In view of impairment in the investment value in the books of McNally Bharat Engineering Company Limited, a claim of Rs. 4,079 lakhs had been lodged against the Holding Company. The said claim of McNally Bharat Engineering Company Limited not having been admitted by the Resolution Professional of the Holding Company, no provision has been considered in the financial results of the Group.



h) Non-Adjustment of the Long Outstanding Balances

We draw attention to **Note 9** to the Statement regarding prospects of realisability of long pending outstanding receivables towards sales / services rendered as well as advances to vendors / contractors, expected credit losses aggregating to Rs. 2,164 lakhs have been considered and charged under the head "Other Expenses" in the statement of financial results of the Group.

i) Impairment in the value of Shares of Subsidiary Company

We draw attention to **Note 8** of the Statement regarding the net worth of the wholly owned subsidiary namely "MBE COAL & MINERAL TECHNOLOGY INDIA PVT. LTD." whose net worth has been fully eroded resulting in consequential impairment in the value of investment of the Company as on the date of the Financial Results under review. However, in view of established brand value of its products and potential business prospects of the subsidiary as well as the company undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016, the impairment to the investment by the holding company has not been recognized in the Financial Results of the Group.

j) Current Liabilities and Cash and Cash Equivalent

We draw attention to **Note 11** of the Statement regarding the Holding Company's operation with DBS Bank carried out through the Cash Credit Account, was frozen at outstanding dues of Rs. 1219 lakhs, in earlier year and recognized as Borrowings under 'Current Liabilities'. The realization of Rs. 391 lakhs thereafter in the said account was accounted for and shown as Cash and Cash Equivalent under Current Assets. Similarly, with the commencement of CIRP, the outstanding balances as on the date of the commencement of CIRP (11th February, 2021) in other banks' Cash Credit Accounts were also been frozen and subsequent reduction in the outstanding balances in these Cash Credit Accounts aggregating to Rs 26 Lakhs (including Rs 6 Lakhs pertaining to earlier year) as on 31st March, 2022 have been included in Cash & Cash Equivalents under 'Current Assets' so as to reflect the Borrowings under 'Current Liabilities' at the frozen outstanding Cash Credit balance as of 11th February, 2022 i.e. the date of COC Meeting.

Our opinion is not modified in respect of these matters.



Management's Responsibilities for the Consolidated Financial Results

This Statement, which is the responsibility of the Holding Company's Management by the Board of Directors/IRP and approved in their meeting, has been prepared on the basis of the related annual Consolidated Financial Statements of the Group. The Holding Company's management is responsible for the preparation and presentation of these Consolidated Financial Results that give a true and fair view of the loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Results, the respective managements of the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management/ Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective management of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

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



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

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



- Obtain sufficient appropriate audit evidence regarding the financial results/ financial information of the entities within the Group to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

Other Matters

- a) The Consolidated Financial Results include the audited Financial Results of the wholly owned Subsidiary whose Financial Results reflect Group's share of total assets of Rs. 38,889 Lakhs as at 31st March, 2022, Group's share of total revenue of Rs. 18,116 Lakhs and Group's share of net loss of Rs. 4,365 Lakhs for the financial year ended 31st March, 2022, 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 in respect of these entities, is based solely on our report and the audit procedures performed by us as stated in paragraph above.



- b) The Consolidated Financial Results include the results for the quarter ended 31st March, 2022 being the derived figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were reviewed by us.

Our opinion is not modified in respect of these matters.



Place: Kolkata
Date: 27th May, 2022

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

A handwritten signature in blue ink, appearing to read 'D. Pal Choudhury', written over the printed name.

(D. Pal Choudhury)
Partner

Membership No.: 016830
UDIN: 22016830 AJTVNY8857

