

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 Unaudited Standalone Financial Results For The Quarter Ended 30th June, 2022				
PARTICULARS	Rupees in Lakhs			
	Quarter Ended			Year Ended
	30-06-2022	30-06-2021	31-03-2022	31-03-2022
	Unaudited	Unaudited	Audited	Audited
<b>1 Income</b>				
(a) Revenue From Operations	3,958	2,641	5,098	15,734
(b) Other Income	60	24	273	352
<b>Total Income</b>	<b>4,018</b>	<b>2,665</b>	<b>5,371</b>	<b>16,086</b>
<b>2 Expenses</b>				
a) Cost of Materials Consumed	2,399	1,143	3,746	8,716
b) Changes in Inventories of Work-in-Progress and Finished Goods	(149)	53	(603)	(208)
c) Employee Benefits Expense	629	626	634	2,440
d) Finance Costs	24	22	69	117
e) Depreciation and Amortisation Expense	158	164	166	653
f) Other Expenses	1,001	598	2,783	5,439
<b>Total Expenses (a to f)</b>	<b>4,062</b>	<b>2,606</b>	<b>6,793</b>	<b>17,157</b>
<b>3 Profit/(Loss) before Tax and Exceptional Items (1-2)</b>	<b>(44)</b>	<b>59</b>	<b>(1,422)</b>	<b>(1,071)</b>
Exceptional Items	-	-	3,075	3,075
<b>Profit/(Loss) before Tax</b>	<b>(44)</b>	<b>59</b>	<b>(4,497)</b>	<b>(4,146)</b>
<b>4 Tax Expenses</b>				
a) Current Tax	-	-	-	-
b) Tax Earlier Year	-	-	(22)	(22)
c) Deferred Tax(Credit)	-	-	-	-
<b>5 Profit/(Loss) for the period/ year (3+4)</b>	<b>(44)</b>	<b>59</b>	<b>(4,475)</b>	<b>(4,124)</b>
<b>6 Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss				
a) Remeasurements of Post-Employment Benefit Obligations	2	1	9	10
b) Income tax relating to these items	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>2</b>	<b>1</b>	<b>9</b>	<b>10</b>
<b>7 Total Comprehensive Income for the period/Year (5+/- 6)</b>	<b>(42)</b>	<b>60</b>	<b>(4,466)</b>	<b>(4,114)</b>
<b>8 Paid up Equity Share Capital (Face value Rs.10/- per share)</b>	<b>1,259</b>	<b>1,259</b>	<b>1,259</b>	<b>1,259</b>
<b>9 Other Equity (Excluding Revaluation Reserve)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,907</b>
<b>10 Earning Per Share</b>				
Basic and Diluted	(0.35)	0.47	(35.55)	(32.76)

Also refer to the accompanying notes

Place : Kolkata  
Date : 12th August 2022



**PURAJIT ROY**

**Purajit Roy**  
Chief Financial Officer

**JITENDRA LOHIA**

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



McNally Sayaji Engineering Limited

Notes to the Statement of Standalone Unaudited Financial Results for the quarter ended 30<sup>th</sup> June, 2022

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one Financial Creditor, being CP No.131/KB/2020, the NCLT Court, Kolkata Bench, while disposing off, admitted the application vide order dated 11<sup>th</sup> February, 2021 and directed 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 order passed by the Hon’ble NCLT, Kolkata bench. In accordance with the order of the NCLAT on this appeal, a stay on the constitution of Committee of Creditors (“CoC”) was imposed till final order in this matter. The Hon’ble NCLAT finally vide it’s order dated 29<sup>th</sup> November, 2021 disposed off the appeal by dismissing it. Thereafter, the Committee of Creditors (CoC) was constituted which held it’s first meeting on 14<sup>th</sup> December, 2021. At the e-voting for the First Meeting of CoC all the resolutions including appointment of Interim Resolution Professional CA Jitendra Lohia as Resolution Professional by requisite majority was approved.

The CIRP under Insolvency and Bankruptcy Code, 2016 is in progress. However, the standalone financial results have been prepared on going concern basis.

2. The above results have been reviewed and recommended by the Board of Directors (suspended) as well as RP at the management meeting held on 12<sup>th</sup> August, 2022.
3. The above results have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
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 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



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IT ROY

JITENDRA  
LOHIA

Digitally signed by JITENDRA LOHIA  
DN: cn=Jitendra Lohia, o=McNally Sayaji Engineering Limited, ou=Kolkata, email=jitendra.lohia@mcnallysayaji.com, c=IN





liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

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 since the financial year ended 31st March, 2020 and till end of financial year ended 31st March 2021, the said interest expenses not recognised had been Rs. 6,747 Lakhs and Rs. 1,260 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.23,226 lakhs in aggregate [excluding admitted claims of the financial creditors (a) 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 of fixed assets at Kumardhubi Unit-1 and (b) claims of the related parties] and Rs.63 lakhs against Inter-Corporate Borrowing claims.
7. Due to economic downturn with the outbreak of COVID-19 pandemic, the net worth of the wholly owned subsidiary, MBE Coal & Mineral Technology India Private Limited has been fully eroded resulting in consequential impairment in the investment of the Company to be 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 CIRP under the Insolvency and Bankruptcy Code, 2016 the impairment to the investment holding in the subsidiary has not been recognised in the Financial Results of the Company.
8. The Company had recognised Deferred Tax Assets amounting to Rs. 5,397 lakhs upto 31<sup>st</sup> March, 2019. Under the present circumstances, as stated in para (1) above, Company had not recognised Deferred Tax Assets thereafter taking a conservative approach.
9. Figures for the previous quarters/periods have been regrouped/ rearranged wherever considered necessary.

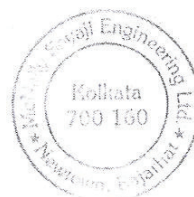
Place : Kolkata  
Dated: 12<sup>th</sup> August, 2022

PURAJIT  
ROY

(Purajit Roy)  
Chief Financial Officer

JITENDRA LOHIA

(Jitendra Lohia)  
Resolution Professional



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**Independent Auditor's Report on Limited Review of the Unaudited Standalone Financial Results for the quarter ended 30<sup>th</sup> June, 2022 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 ended 30<sup>th</sup> June, 2022 ("the Statement"), 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") read with SEBI Circular No. CIR/CFD/CMD1/80/2019 dated 19<sup>th</sup> 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 express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.





## **5. Basis for Adverse Conclusion**

### **Non-Recognition of Interest Expense**

The Company has not recognized interest expense on Bank borrowings amounting to Rs.6,747 Lakhs and Rs. 1,260 Lakhs on Inter-Corporate Borrowings upto 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.23,226 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 till the financial year ended 31st March, 2021 were understated to that extent.

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

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

## **7.Emphasis of Matters**

### **a) Material uncertainty related to Going Concern**

In the Statement that the Company has reported net loss of Rs. 44 Lakhs (before comprehensive income) during the quarter ended 30th June, 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.



**b) Recognition of Deferred Tax Assets**

We draw attention to Note 8 to the Statement that the Company had recognised 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 realised, which is solely dependent on the acceptance of the resolution plan. However, the Company has not recognised further deferred tax assets thereafter on prudent basis.

**c) Impairment in the value of investment**

We draw attention to Note 7 to the Statement regarding 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 company has not been recognized in the Financial results of the Company.

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

**Place:** Kolkata  
**Date:** 12<sup>th</sup> August, 2022



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

**(D. Pal Choudhury)**  
**Partner**

**Membership No. 016830**  
**UDIN: 22016830A0XARG8205**



**MCNALLY SAYAJI ENGINEERING LIMITED**

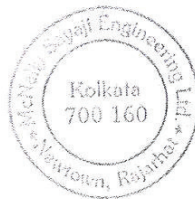
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**Statement of Unaudited Consolidated Financial Results For The Quarter Ended 30th June, 2022**

PARTICULARS	Rupees in Lakhs			
	Quarter ended			Year ended
	30-06-2022	30-06-2021	31-03-2022	31-03-2022
	Unaudited	Unaudited	Unaudited	Audited
1 (a) Revenue from Operations	4,075	3,041	5,405	17,221
(b) Other Income	60	24	815	895
<b>Total Income</b>	<b>4,135</b>	<b>3,065</b>	<b>6,220</b>	<b>18,116</b>
2 Expenses				
a) Cost of Materials Consumed	2,407	1,822	3,880	9,481
b) Changes in Inventories of Work-in-Progress and Finished Goods	(149)	53	(605)	(208)
c) Employee Benefits Expense	692	727	696	2,776
d) Finance Costs	85	92	148	422
e) Depreciation and Amortisation Expense	160	166	169	663
f) Other Expenses	1,085	854	3,200	6,262
<b>Total expenses (a to f)</b>	<b>4,280</b>	<b>3,214</b>	<b>7,488</b>	<b>19,406</b>
3 Profit/(Loss) before tax and exceptional items (1-2)	(145)	(149)	(1,268)	(1,290)
Exceptional Items	--	--	3,075	3,075
<b>Profit/(Loss) before Tax</b>	<b>(145)</b>	<b>(149)</b>	<b>(4,343)</b>	<b>(4,365)</b>
4 Tax expense				
Current tax	--	--	--	--
Tax Earlier Year	--	--	(22)	(22)
Deferred tax Charge/(Credit)	--	--	--	--
5 Profit / (Loss) for the period/year (4 +/-5)	(145)	(149)	(4,321)	(4,343)
6 Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
a) Remeasurements of post-employment benefit obligations	9	1	34	35
b) Income tax relating to these items	--	--	--	--
<b>Total Other Comprehensive Income, net of income tax</b>	<b>9</b>	<b>1</b>	<b>34</b>	<b>35</b>
7 Total Comprehensive Income for the period (6 +/- 7)	(136)	(148)	(4,287)	(4,308)
8 Paid up Equity Share Capital (Face value Rs.10/- per share)	1,259	1,259	1,259	1,259
9 Other Equity(Excluding Revaluation Reserve)	--	--	--	1,006
10 Earning/(Loss) Per Share (of Rs 10/- each) (not annualised)				
Basic and Diluted	(1.15)	(1.18)	(34.32)	(34.50)

Place : Kolkata  
Date : 12th August 2022



**PURAJIT ROY**

**Purajit Roy**  
Chief Financial Officer

**JITENDRA LOHIA**

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



McNally Sayaji Engineering Limited

Notes to the Statement of Consolidated Unaudited Financial Results for the quarter ended 30<sup>th</sup> June, 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 off, admitted the application vide order dated 11<sup>th</sup> February, 2021 and directed 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 order passed by the Hon'ble NCLT, Kolkata bench. In accordance with the order of the NCLAT on this appeal, a stay on the constitution of Committee of Creditors ("CoC") was imposed till final order in this matter. The Hon'ble NCLAT finally vide it's order dated 29<sup>th</sup> November, 2021 disposed off the appeal by dismissing it. Thereafter, the Committee of Creditors (CoC) was constituted which held it's first meeting on 14<sup>th</sup> December, 2021. At the e-voting for the First Meeting of CoC all the resolutions including appointment of CA Jitendra Lohia as Resolution Professional (RP) by requisite majority was approved, who was subsequently

The CIRP under Insolvency and Bankruptcy Code, 2016 is in progress. However, the consolidated financial results have been prepared on going concern basis.

2. The above results have been reviewed and recommended by the Board of Directors (suspended) as well as RP at the management meeting held on 12<sup>th</sup> August, 2022.
3. The above 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 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



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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 Group is regaining normalcy in terms of volume as well as cash flow. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

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 till end of financial year ended 31st March 2021, the said interest expenses not recognised had been Rs. 6747 Lakhs and 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.23,226 lakhs in aggregate [excluding admitted claims of the financial creditors (a) 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 of fixed assets at Kumardhubi Unit-1 and (b) claims of the related parties] and Rs.63 lakhs against Inter-Corporate Borrowing claims.
7. Due to economic downturn with the outbreak of COVID-19 pandemic, the net worth of the subsidiary, MBE Coal & Mineral Technology India Private Limited has been fully eroded resulting in consequential impairment in the investment of the Holding Company to be 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 CIRP under the Insolvency and Bankruptcy Code, 2016 the impairment to the investment holding in the subsidiary has not been recognised in the Financial Results of the Group.
8. The Group had recognised Deferred Tax Assets amounting to Rs. 6,234 lakhs upto 31<sup>st</sup> March, 2019. Under the present circumstances, as stated in para (1) above, Group had not recognised Deferred Tax Assets thereafter taking a conservative approach.
9. Figures for the previous quarters/periods have been regrouped/ rearranged wherever considered necessary.

Place : Kolkata  
Dated: 12<sup>th</sup> August, 2022

PURAJIT  
ROY

(Purajit Roy)  
Chief Financial Officer

JITENDRA LOHIA

(Jitendra Lohia)  
Resolution Professional



**Independent Auditor's Report on the Limited Review of the Unaudited Consolidated Financial Results for the quarter ended 30th June, 2022 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**

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 ended 30<sup>th</sup> June, 2022 ("the Statement"), being compiled and 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") 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 of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.





## 5. Basis for Adverse Conclusion

### Non-Recognition of Interest Expense

The Holding Company has not recognized interest expense on Bank borrowings amounting to Rs.6,747 Lakhs and Rs. 1,260 Lakhs on Inter-Corporate Borrowings till financial year ended 31st March, 2021 as referred in Note 6 of the Statement. 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 on the Holding Company's website are Rs.23,226 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. As a result, finance Costs, liability on account of interest and total comprehensive loss for the financial year ended 31st March, 2021 were understated to that extent.

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

6. Based on our review conducted as stated in Paragraph 3 above, and for reasons stated in Paragraph 5 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.

## 7. Emphasis of Matters

### a) Material uncertainty related to Going Concern

In the Statement that the Group has incurred net loss of Rs. 145 Lakhs during the quarter ended 30<sup>th</sup> June, 2022 and the Holding Company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding 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 Holding Company's ability to continue as a going concern. The ability of the Holding Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal of the Holding Company. Based on the management's assessment of the successful outcome of the restructuring proposal, this Statement has been prepared on going concern basis.



**b) Recognition of Deferred Tax Assets**

We draw attention to Note 8 of the Statement stating that the Group had recognised deferred tax assets of Rs. 6,234 Lakhs upto 31<sup>st</sup> March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be realised, which is solely dependent on the acceptance of the resolution plan. However, the Group has not recognised further deferred tax assets thereafter on prudent basis.

**c) Impairment in the value of Shares of Subsidiary Company**

We draw attention to Note 7 of the Statement regarding 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 Holding 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 Holding 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.

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

**8. Other Matter**

The Statement includes the results of MBE Coal & Mineral Technology India Private Limited, a wholly owned subsidiary of the Holding Company.

We review the financial information of one subsidiary included in the Statement whose financial information, reflect total revenue of Rs.120 Lakhs and total comprehensive loss of Rs.93 Lakhs as considered in the statement for the quarter ended 30th June, 2022. These Financial results/information are certified by the management.

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

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



A handwritten signature in blue ink, appearing to read "D. Pal Choudhury".

**(D.Pal Choudhury)**  
**Partner**

**Membership No. 016830**

**UDIN: 22016830A0XBPC4167**

**Place:** Kolkata

**Date:** 12<sup>th</sup> August, 2022