

McNally Bharat Engineering Company Limited

CIN: L45202WB1961PLC025181

Corporate Office: Ecospace Campus 2B 11F/12

New Town Rajarhat North 24 Parganas Kolkata-700160

Telephone +91 3344591111

Email: mbe.corp@mbecl.co.in Website: www.mcnallybharat.com

Registered Office: 4 Mangoe Lane Kolkata-700001

26th May 2023

National Stock Exchange of India Limited

Exchange Plaza, 5th floor, Plot # C/1, 'G' Block

Bandra Kurla Complex, Bandra (East)

Mumbai – 400 051

BSE Limited

Corporate Relations Department

1st Floor, New Trading Ring, Rotunda Building

Phiroze Jeejeebhoy Towers, Dalal Street, Fort

Mumbai – 400 001

Dear Sir/Madam,

Sub: Disclosure under LODR Regulations 30 and 33 regarding *inter alia* Outcome of Board Meeting and approval of Audited Financial Results for the financial year ended 31st March 2023.

Scrip Code/Symbol: 532629 / MBECL

Please refer to our intimation dated 2nd May 2023 regarding holding of a meeting of the Resolution Professional with the suspended Board of Directors on 26th May 2023 to *inter alia* approve and take on record the Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended 31st March 2023 (the “Financial Results”).

The Resolution Professional and suspended Board of Directors approved the Financial Results at their meeting held today. The meeting commenced at 11.15 AM and concluded at 09.00 PM.

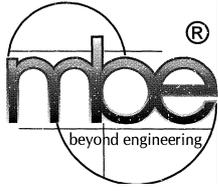
We are enclosing herewith:

- 1) Financial Results of the Company in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“LODR”) duly signed by Mr. Ravi Sethia, the Resolution Professional and Mr. Asim Kumar Barman (DIN 02373956), Independent Director and Chairman of Audit Committee, who has been authorized by the Board in this regard;

[McNally Bharat Engineering Company Limited is under Corporate Insolvency Resolution Process as per provisions of the Insolvency and Bankruptcy Code, 2016. Its affairs, business, and assets are being managed by the Resolution Professional, Mr. Ravi Sethia, appointed by the Kolkata Bench of the Hon'ble National Company Law Tribunal vide Order dated 26 August 2022 (Order published on 2 September 2022) under the provisions of the Code.]

An ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified Company

Member  Williamson Magor Group



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- 2) Audit Report on the audited Financial Results for the financial year ended 31st March 2023; and
- 3) Statement on Impact of Audit Qualifications for Audit Report (with modified opinion) on Standalone and Consolidated Financial Results in the prescribed format for the financial year ended 31st March 2023;

We further inform the following:

- a) The Board has not recommended any dividend in respect of the financial year 2022-23;
- b) the Sixtieth Annual General Meeting (60th AGM) of the Company will be held on 31st August 2023 though video-conference in Kolkata; and
- c) Register of Members and Share Transfer Books will remain closed from 25th August 2023 to 27th August 2023 both days inclusive, for the purpose of determining the Shareholders entitled to attend the 60th AGM.

This Notice is being uploaded on the Company website www.mcnallybharat.com.

Kindly take this into your records.

Yours faithfully

For **McNally Bharat Engineering Company Limited**

**INDRANI
RAY**

Indrani Ray
Company Secretary

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Enclosures: As above.

[McNally Bharat Engineering Company Limited is under Corporate Insolvency Resolution Process as per provisions of the Insolvency and Bankruptcy Code, 2016. Its affairs, business, and assets are being managed by the Resolution Professional, Mr. Ravi Sethia, appointed by the Kolkata Bench of the Hon'ble National Company Law Tribunal vide Order dated 26 August 2022 (Order published on 2 September 2022) under the provisions of the Code.]

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Member  Williamson Magor Group

V. SINGHI & ASSOCIATES

Chartered Accountants

Four Mangoe Lane

Surendra Mohan Ghosh Sarani,

Ground Floor, Kolkata – 700 001

Phone : +91 33 2210 1125/26

E-mail : kolkata@vsinghi.com

Website : www.vsinghi.in

Independent Auditor's Report on Audited Annual Standalone Financial Results for the quarter and year ended 31st March, 2023 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended

**The Resolution Professional of
McNally Bharat Engineering Company Limited**

1. Adverse Opinion

We have audited the accompanying Standalone Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Company") for the quarter and year ended 31st March, 2023 ("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").

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

- a. has been presented, except for the matter dealt with in Basis for Adverse Opinion Para (Para No. 2), in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard, and
- b. does not give, due to the significance of the matter described in the Basis of Adverse Opinion Para, a true and fair view, in accordance with the recognition and measurement principles laid down in the applicable Indian 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 year ended on 31st March, 2023.



2. Basis for Adverse Opinion

a) Current Assets and Capital Work-in-Progress

- i. We draw attention to **Note 12** to the statement regarding Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- ii. Claims Recoverable (BG Encashed) amounting to Rs. 36,252.08 Lakhs, including Rs. 13,690.09 Lakhs under arbitration are doubtful. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- iii. There is no material movement in Capital Work-in-Progress amounting to Rs. 462.62 Lakhs, since 31st March, 2016. In absence of any audit evidence, we are unable to ascertain the impact/ adjustments required and comment on the same.

b) Non-adjustment of the Carrying Value of Loans

In earlier years, the Company had given unsecured loan to Vedica Sanjeevani Projects Private Limited (“VSPL”). VSPL vide their letter dated 15th February, 2022 informed the Company that it was unable to service the debt and requested the Company for a moratorium on the repayment of the loan, including interest for two years i.e., Financial Year 2021-22 and Financial Year 2022-23. Subsequently, the Company has stopped recognizing interest income on the same. In absence of any further communication between the Company and VSPL made available to us, we are unable to comment on the realizability of loan and its interest and consequential adjustment to be made in the books.

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

c) Recognition of Deferred Tax Assets

We draw attention to **Note 11** to the Statement that the Company had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31st March, 2018 expecting adequate future taxable profits to the Company against which the deferred tax assets could be realized. The Company believes that with the investors’ support and after infusion of fresh funds in the Company by the successful resolution applicant there will be adequate taxable profits in future.

However, the Company has not recognized further deferred tax assets thereafter on prudent basis.



This constitutes a material departure from the requirements of Indian Accounting Standard 12 “Income Taxes”.

We conducted our audit in accordance with the Standards on Auditing 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 Statement 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.

3. **Emphasis of Matters**

We draw attention to the following matters in the notes to the Statement:

a) Appointment of Resolution Professional and Constitution of Committee of Creditors

Note 1 and **2** 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 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and were exercisable by the Interim Resolution Professional, Mr. Anuj Jain. Subsequently, NCLT vide order dated 26th August, 2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP). Committee of Creditors (“CoC”) has been constituted on 18th May, 2022 on the basis of collation of claims.

b) Material Uncertainty related to Going Concern

Note 4 to the Statement that the Company has incurred a net loss of Rs 43,093.29 lakhs (before comprehensive income/ (loss)) and Rs. 2,47,120.74 Lakhs (before comprehensive income) during the quarter and year ended 31st March, 2023 respectively and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and approval of resolution plan submitted by the prospective investor. 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 dependent on the acceptance of the resolution plan by the Committee of Creditors and thereafter by the NCLT.



Based on the management's assessment and expectation that the RP will make every endeavor to protect and preserve the value of the property of the corporate debtor and manage its operations as a going concern, the financial result of the Company has been prepared on going concern basis.

c) Non- Assessment of Pending Litigations

Note 6 to the Statement that the Company had received regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax, Income Tax, etc. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

d) Recognition of Interest Expense

As referred in **Note 9 (i)** of the Statement, during the period, the company has recognized the interest expense till 31st March, 2023 on Bank Borrowings and Inter Corporate Deposits under the head 'Finance Costs' amounting to Rs. 1,69,967.52 Lakhs (including Rs 14,330.85 Lakhs recognized in the current quarter) and Rs. 16,236.26 Lakhs (including Rs 1,656.26 Lakhs recognized in the current quarter) respectively as estimated by the management.

e) Note 9 (ii) to the Statement, regarding claims of two financial creditors Seajuli Developers & Finance Limited (SDFL) and Woodside Parks Limited (WPL). In earlier years, the Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposit from SDFL and WPL amounting to Rs. 83,804.25 Lakhs. Under CIRP, both the companies have submitted their financial claims to the RP, which the RP has admitted. Hence, the Company reversed its fair valuation gain which was recognized earlier and has classified the same as Borrowings.

f) Note 9 (iii) to the Statement that the claim of EIG (Mauritius) Limited admitted by RP as per arbitration award amounting to Rs. 7,773.61 Lakhs has been recognized in Financial Results under the head "Exceptional Items" and consequently interest thereon has also been accounted for amounting to Rs. 888.94 Lakhs under the head "Finance Costs".

g) Note 14 to the Statement, that one of the subsidiaries, "McNally Sayaji Engineering Limited" (MSEL) was under CIRP vide Hon'ble NCLT order dated 11th February, 2021. During the year, the resolution plan of the successful resolution applicant was approved



by the Hon'ble NCLT vide order dated 24th February, 2023. By virtue of the said order approved by the NCLT, the existing share capital of MSEL stood delisted and reduced to nil. Consequently, MSEL and MBE Coal & Mineral Technology India Private Limited (step down subsidiary) ceased to be the subsidiaries of the Company. The carrying value of investments in the books for shares held in MSEL amounting to Rs. 17,923.73 Lakhs and advance of Rs. 70.15 Lakhs (net of recovery) has been written off from the books and shown as "Exceptional Item" in the quarter ended 31st March, 2023.

Our opinion is not modified in respect of these matters.

4. Management's Responsibilities for the Standalone Financial Results

In view of ongoing CIRP, the management under the RP, is responsible for the preparation and presentation of the Statement 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 Companies Act, 2013 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 under the RP 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 under the RP is also responsible for overseeing the Company's financial reporting process.

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

Our objective is 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. Under Section 143 (3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management under the RP.
- Conclude on the appropriateness of the management under the RP'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 Standalone 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.



6. Other Matters

The Standalone Financial Results include the results for the quarter ended 31st March, 2023 which represents the difference between audited figures for the financial year and the unaudited figures for the nine months period ended 31st December, 2022.

Our opinion is not modified in respect of these matters.



Place: Kolkata
Date: 26th May, 2023

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

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(A. SENGUPTA)
Partner
Membership No. 051371
UDIN: 23051371BGVSBP5275

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGOE LANE, Kolkata 700 001
Web:www.mcnallybharat.com, Email id: mbecal@mbeci.co.in, Phone no: (033) 3014-1111
Statement of Audited Standalone Financial Results for the Quarter and Year ended 31st March, 2023

(Rs. in Lakhs, unless otherwise stated)

SL.No	Particulars	Three months ended			Year ended	
		31 March, 2023	31 December, 2022	31 March, 2022	31 March, 2023	31 March, 2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations					
	(a) Net sales/ Income from operations	6,404.68	6,761.93	5,233.27	22,732.18	24,729.89
	(b) Other operating income	15.47	23.26	162.71	95.36	540.85
	Total income from operations	6,420.15	6,785.19	5,395.98	22,827.54	25,270.74
2	Other income	140.74	1,881.77	2,177.56	4,178.77	6,285.94
3	Total income (1+2)	6,560.89	8,666.96	7,573.54	27,006.31	31,556.68
4	Expenses					
	(a) Cost of materials consumed	3,659.60	3,443.58	5,428.34	12,321.63	12,006.63
	(b) Outsourcing expenses to job workers	2,173.65	1,584.31	3,599.03	9,644.30	11,819.90
	(c) Employee benefits expense	954.13	895.58	1,081.21	3,779.57	4,407.30
	(d) Finance costs	17,275.57	59,959.46	1,310.72	1,93,536.72	4,660.53
	(e) Depreciation and amortization expense	93.37	95.70	139.08	396.87	609.45
	(f) Other expenses	7,503.98	10,638.98	2,370.81	28,680.47	5,767.10
	Total expenses	31,660.30	76,617.61	13,929.19	2,48,359.56	39,270.91
5	Profit/(Loss) before tax and Exceptional Item (3-4)	(25,099.41)	(67,950.65)	(6,355.65)	(2,21,353.25)	(7,714.23)
	Exceptional Items	(17,993.88)	(7,773.61)	-	(25,767.49)	-
6	Profit Before Tax	(43,093.29)	(75,724.26)	(6,355.65)	(2,47,120.74)	(7,714.23)
7	Tax expenses:					
	Deferred tax	-	-	-	-	-
8	Profit/(Loss) for the period/year (5-6)	(43,093.29)	(75,724.26)	(6,355.65)	(2,47,120.74)	(7,714.23)
9	Other comprehensive income					
	Items that will not be reclassified to profit or loss	(23.05)	10.69	33.91	9.04	42.79
	Total other comprehensive income/(loss) (net of income tax)	(23.05)	10.69	33.91	9.04	42.79
10	Total comprehensive income/ (loss) for the period/year (7+8)	(43,116.34)	(75,713.57)	(6,321.74)	(2,47,111.70)	(7,671.44)
11	Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08
12	Reserves excluding revaluation reserve	-	-	-	(3,53,712.41)	(22,796.45)
13	Earnings per share (of Rs. 10/- each) (not annualised):					
	Basic	(20.37)	(35.79)	(3.00)	(116.80)	(3.65)
	Diluted	(20.37)	(35.79)	(3.00)	(116.80)	(3.65)

Also refer accompanying notes to the financial results.

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Asim Kumar Barman
Director
DIN 02373956

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Ravi Sethia
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19/12052
Resolution Professional

McNally Bharat Engineering Company Limited

Notes to the Statement of Audited Standalone Financial Results for the Quarter & Year ended 31st March, 2023

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of the Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing of, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was appointed as the Interim Resolution Professional (IRP). Thereafter, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP) vide NCLT order dated 26.08.2022. Upon commencement of CIRP, the powers of the Board of Directors of the Company stand suspended and management of the Company vested with the IRP/Resolution Professional (RP).
2. Committee of Creditors (COC) has been constituted on 18.05.2022 on the basis of collation of all claims by the IRP and report is submitted to NCLT by IRP. The COC has been further reconstituted from time to time by the IRP/RP (last such reconstitution on 29.12.2022) and intimation filed with the Hon'ble NCLT, Kolkata Bench.
3. The Corporate Insolvency Resolution Process (CIRP) is currently in process. The Resolution Professional has received Resolution Plans from 4(four) Resolution Applicants, which are under evaluation.
4. The Company's ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers, submission of viable resolution plan by the prospective investor and approval thereof by the COC and NCLT respectively. In view of the opinion of the Board of Directors and KMPs, resolution and revival of the Company is possible in the foreseeable future and the RP shall also endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the company have been prepared on going concern basis.
5. The above audited standalone financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee (suspended) and approved in the meeting of Board of Directors (suspended) chaired by Mr. Asim Barman at RP's behest held on 26th May, 2023. The Board has relied upon the assistance provided by the members of the Audit Committee in review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon them in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.

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6. a) There shall be moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtors under section 33 of the IBC, as the case may be.
 - b) The Company had received regulatory Enquiries /Notices/ Summons /Show-Cause/Demand/ Orders from various government authorities such as Goods and Services Tax, Income Tax, etc. In view of Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance in view of moratorium u/s 14 of the Insolvency and Bankruptcy Code, 2016 being applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in these results as of now.
7. The above results have been audited by the Statutory Auditor as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. The Company is primarily engaged in the business of Construction and Engineering activities hence no separate disclosure has been made for segment reporting as per IND AS 108-Operating Segments.
9. i) The Company has been categorised as Non-Performing Asset by the lender banks and majority of the Lender Banks stopped debiting interest on their outstanding debts. Accordingly, the Company had not recognised interest expense on the borrowings including Inter Corporate Deposits. Lender Banks have submitted the claims to the IRP/RP amounting to Rs 3,62,003.83 lakhs (including interest) out of which claim amounting to Rs. 3,61,778.21 lakhs have been admitted. The company has provisionally accounted for interest from date of categorisation as Non-Performing Asset by lender banks till 31.03.2023 amounting to Rs.1,69,967.52 lakhs out of which interest amounting to Rs 14,330.85 Lakhs has been recognised during the quarter ended March 31,2023 under the head 'Finance Charges'.

Financial Creditors other than lender banks have also submitted their claims to RP amounting to Rs.2,03,216.42 lakhs out of which Rs.1,14,120.40 lakhs have been admitted by RP. The company has provisionally accounted for interest till 31.03.2023 amounting to Rs.16,236.26 lakhs Out of which interest amounting to Rs.1,656.26 lakhs has been recognised during the quarter ended March 31,2023 under the head 'Finance Charges'.

ii) In earlier years, Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposits taken from Seajuli Developers & Finance Ltd and Woodside Parks Ltd aggregating to Rs. 83,804.25 Lakhs. Under the CIRP, both the companies have submitted their financial claims to the RP. RP has admitted their claim. Hence, the Company has reversed its fair valuation gain which was recognised in earlier years under the head 'Other Equity' and correspondingly loan amounting to Rs. 98,592.94 Lakhs is shown as "Borrowings".

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iii) Apart from above, claim of EIG (Mauritius) Limited was admitted by RP as per arbitration award to the tune of Rs. 7,773.61 lakhs which has been recognised in the books as 'Exceptional Item' and consequent interest of Rs. 888.94 lakhs thereon till 31-03-2023 has also been provided under "Finance Cost".

10. The operational creditors have also submitted claims to the IRP/RP amounting to Rs.31,563.50 lakhs, out of which RP has provisionally admitted claims of Rs.18,247.33 lakhs, as on 21.01.23 but reconciliation thereof with books is under process, which will be taken into records appropriately once reconciliation and settlement with creditors is complete.
11. The Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs upto 31st March, 2018. The Company believes that based on the infusion of fresh funds coming to the Company with the Investors support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
12. Trade Receivables, Other Financial Assets and Other Current Assets are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Further, the reconciliation activity by the management is under process and the effects of the reconciliation activity shall be accounted once the reconciliation process is complete. The management, however, does not expect any material variation. Management is also hopeful for recovery/realisation of receivables which include Rs.41,269.24 lakhs under arbitration till March 31,2023 in the normal course of business, hence no impairment has been considered at this stage, except the company having written off trade receivable of Rs.3438.28 lakhs of Ideal Energy Project Ltd and receivable of Rs.1048.86 lakhs and claim recoverable of Rs.841.35 lakhs due from Jhabua Power Ltd.
13. The Joint Ventures of the company i.e., McNally-Trolex, (Co's share 97%) McNally-AML, (Co's share 98%) and McNally-Trolex-Kilburn (Co's share 80%) relating to five Coal India projects are non-corporate entities. The cumulative financial results of these three Joint Ventures as on the reporting date have loss of Rs.222.04 lakhs. Considering the probable chance of recovery of loss upon completion of the contract as well as loss amount being immaterial, no provision towards incurred loss at this stage has been made in the books of the company.
14. McNally Sayaji Engineering Limited (MSEL), subsidiary of the Company, was admitted to CIR process vide order dt.11.02.2021 and eventually the Resolution plan of the successful Resolution Applicant was approved by COC and thereafter by the Hon'ble National Company Law Tribunal, Kolkata Bench, Court-I vide its order dt. 24.02.2023. The existing share capital of the MSEL stand cancelled and delisted. Consequently, MSEL ceased to be subsidiary of McNally Bharat Engineering Co. Ltd with effect from said date and MBE Coal & Minerals Technology India Ltd, being step-down subsidiary of the Holding company no longer remains its step-down subsidiary.

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Hence entire carrying value of Investments of Rs.17923.73 lakhs and Advance of Rs.70.15 (net of recovery of Rs.2998.11 lakhs) lakhs due from MSEL (excluding Rs.26 lakh relating to charges for continuing IT support by the company to MSEL as per the provision of IBC, 2016) has been written-off from the books of account of the Company as 'Exceptional Item' in the quarter ended March 31,2023 as per the provision of the aforesaid order of the Hon'ble NCLT.

15. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
16. Figures for the previous quarters/periods have been regrouped / rearranged wherever considered necessary.
17. Figures of the last quarter ended 31st March, 2023 and 31st March, 2022 are the balancing figures between audited figures for the full financial year and the published figures for the nine months ended of the relevant financial year.

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Asim Kumar Barman
Director
DIN 02373956

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by RAVI SETHIA
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Ravi Sethia
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19/12052
Resolution Professional

Place : Kolkata

Dated : 26th May, 2023

Statement on Impact of Audit Qualifications on Standalone Financial Results for the Financial Year ended March 31, 2023

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications)
I	1	Total income	27,006.30	Not adjusted [Refer II(a) below]
	2	Total Expenditure	2,74,127.05	Not adjusted [Refer II(a) below]
	3	Net Profit/(Loss)	-2,47,120.75	Not adjusted [Refer II(a) below]
	4	Earnings Per Share	-116.80	Not adjusted [Refer II(a) below]
	5	Total Assets	2,09,505.97	Not adjusted [Refer II(a) below]
	6	Total Liabilities	5,42,061.30	Not adjusted [Refer II(a) below]
	7	Net Worth	-3,32,555.33	Not adjusted [Refer II(a) below]
	8	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:		a) Current Assets and Capital Work-in-Progress	
			<p>i. We draw attention to Note 12 to the statement regarding Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.</p> <p>ii. Further, out of Claims Recoverable (BG Encashed) amounting to Rs. 36,252.08 Lakhs, Rs. 13,690.09 Lakhs is under arbitration till 31st March, 2023 while the remaining amount is doubtful of recovery. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.</p> <p>iii. Further, Capital Work-in-Progress amounting to Rs. 462.62 Lakhs, has had no material movement since 31st March, 2016. In absence of confirmation and progress report, we are unable to ascertain the impact/ adjustments required.</p>	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Adverse Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		Repetitive	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		Not applicable	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification:		Not applicable	
	(ii) If management is unable to estimate the impact, reasons for the same:		Recoverability of Trade Receivables, Other Financial Assets and Other Current Assets depends upon the outcome of Arbitration Orders and confirmation / reconciliation with parties as stated in Note No. 12. Therefore, adjustments / impacts with respect to these are currently not ascertainable.	
	(iii) Auditors' Comments on (i) or (ii) above:		Agreed	
	B. Details of Audit Qualification:		b) Non-adjustment of the Carrying Value of Loans	
			<p>In earlier years, the Company had given unsecured loan to Vedula Sanjeevani Projects Private Limited ("VSPL"). VSPL vide their letter dated 15th February, 2022 informed the Company that it was unable to service the debt and requested the Company for a moratorium on the repayment of the loan, including interest for two years i.e., F.Y. 2021- 22 and F.Y. 2022-23. Subsequently, the Company has stopped booking interest income on the same. In absence of any further communication between the Company and VSPL made available to us, we are unable to comment on the realizability of loan and its interest and consequential adjustment which should be recognized in the books.</p> <p>This constitutes a material departure from the requirements of Indian Accounting Standard - 109 "Financial instrument".</p>	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Adverse Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		First Time	

V. SINGHI & ASSOCIATES

Chartered Accountants

Four Mangoe Lane

Surendra Mohan Ghosh Sarani,

Ground Floor, Kolkata – 700 001

Phone : +91 33 2210 1125/26

E-mail : kolkata@vsinghi.com

Website : www.vsinghi.in

Independent Auditor's Report on Audited Annual Consolidated Financial Results for the quarter and year ended 31st March, 2023 of McNally Bharat Engineering Company Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended

**The Resolution Professional of
McNally Bharat Engineering Company Limited**

1. Adverse Opinion

We have audited the accompanying Consolidated Financial Results of **MCNALLY BHARAT ENGINEERING COMPANY LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter and year ended 31st March, 2023 ("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").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate audited financial statement of subsidiary, the aforesaid financial results;

- a. includes the results of the subsidiaries listed in Annexure – 1
- b. has been presented, except for the matter dealt with in Basis for Adverse Opinion Para (Para No. 2), in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard, and
- c. does not give, due to the significance of the matter described in the Basis of Adverse Opinion Para, a true and fair view, in accordance with the recognition and measurement principles laid down in the applicable Indian 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 year ended on 31st March, 2023.



2. Basis for Adverse Opinion

a) Current Assets and Capital Work-in-Progress

- i. We draw attention to **Note 14** to the statement regarding Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- ii. Claims Recoverable (BG Encashed) amounting to Rs. 36,252.08 Lakhs, including Rs. 13,690.09 Lakhs under arbitration are doubtful. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.
- iii. There is no material movement in Capital Work-in-Progress amounting to Rs. 462.62 Lakhs, since 31st March, 2016. In absence of any audit evidence, we are unable to ascertain the impact/ adjustments required and comment on the same.

b) Non-adjustment of the Carrying Value of Loans

In earlier years, the Holding Company had given unsecured loan to Vedica Sanjeevani Projects Private Limited ("VSPL"). VSPL vide their letter dated 15th February, 2022 informed the Holding Company that it was unable to service the debt and requested the Holding Company for a moratorium on the repayment of the loan, including interest for two years i.e., Financial Year 2021-22 and Financial Year 2022-23. Subsequently, the Holding Company has stopped recognizing interest income on the same. In absence of any further communication between the Holding Company and VSPL made available to us, we are unable to comment on the realizability of loan and its interest and consequential adjustment to be made in the books.

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

c) Recognition of Deferred Tax Assets

We draw attention to **Note 13** to the Statement that the Group had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31st March, 2018 expecting adequate future taxable profits to the Group against which the deferred tax assets could be realized. The Group believes that with the investors support and after infusion of fresh funds in the Holding Company by the successful resolution applicant there will be adequate taxable profits in future.

However, the Group has not recognized further deferred tax assets thereafter on prudent basis.



This constitutes a material departure from the requirements of Indian Accounting Standard 12 “Income Taxes”.

We conducted our audit in accordance with the Standards on Auditing 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 Group, 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 Statement 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.

3. **Emphasis of Matters**

We draw attention to the following matters in the notes to the Statement:

a) **Appointment of Resolution Professional and Constitution of Committee of Creditors**

Note 1 and 2 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 29th April 2022. Pursuant to this order, the powers of the Board of Directors were suspended and were exercisable by the Interim Resolution Professional, Mr. Anuj Jain. Subsequently, NCLT vide order dated 26th August, 2022, approved the appointment of Mr. Ravi Sethia (IBBI/IPA-001/IP-P01305/2018-2019/12052) as the Resolution Professional (RP). Committee of Creditors (“CoC”) has been constituted on 18th May, 2022 on the basis of collation of claims.

b) **Material Uncertainty related to Going Concern**

Note 4 to the Statement that the Group has incurred a net loss of Rs 22,124.73 lakhs (before comprehensive income/ (loss)) and Rs. 2,26,316.28 Lakhs (before comprehensive income/ (loss)) during the quarter and year ended 31st March, 2023 respectively and is unable to meet its financial commitments/covenants to lenders and various other stakeholders. The ability to continue as a going concern is dependent upon many factors including continued support from the financial creditors, operational creditors, customers and approval of resolution plan submitted by the prospective investor. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Group’s ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the acceptance of the resolution plan by the Committee of Creditors and thereafter by the NCLT.



Based on the management's assessment and expectation that the RP will make every endeavor to protect and preserve the value of the property of the corporate debtor and manage its operations as a going concern, the financial results of the Group has been prepared on going concern basis.

c) Non- Assessment of Pending Litigations

Note 6 to the statement that the Holding Company had received regulatory Enquiries/ Notices/ Summons/ Show-Cause/ Demand/ Orders from various Government authorities such as Goods and Services Tax, Income Tax, etc. In view of Holding Company's admission under CIRP all existing civil legal proceedings will be kept in abeyance as moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is applicable on the Company till the conclusion of CIRP. Therefore, no impact has been considered in the Statement as of now.

d) Recognition of Interest Expense

Note 11 (i) of the Statement, during the period, the Holding company has recognized the interest expense till 31st March, 2023 on Bank Borrowings and Inter Corporate Deposits under the head 'Finance Costs' amounting to Rs. 1,69,967.52 Lakhs (including Rs 14,330.85 Lakhs recognized in the current quarter) and Rs. 16,236.26 Lakhs (including Rs 1,656.26 Lakhs recognized in the current quarter) respectively as estimated by the management.

e) Note 11 (ii) to the Statement, regarding claims of two financial creditors Seajuli Developers & Finance Limited (SDFL) and Woodside Parks Limited (WPL). In earlier years, the Holding Company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposit from SDFL and WPL amounting to Rs. 83,804.25 Lakhs. Under CIRP, both the companies have submitted their financial claims to the RP, which the RP has admitted. Hence, the Holding Company reversed its fair valuation gain which was recognized earlier and has classified the same as Borrowings.

f) Note 11 (iii) to the Statement that the claim of EIG (Mauritius) Limited admitted by RP as per arbitration award amounting to Rs. 7,773.61 Lakhs has been recognized in Financial Results under the head "Exceptional Items" and consequently interest thereon has also been accounted for amounting to Rs. 888.94 Lakhs under the head "Finance Costs".

g) Note 15 to the statement, that one of the subsidiaries, "McNally Sayaji Engineering Limited" (MSEL) was under CIRP vide Hon'ble NCLT order dated 11th February, 2021 and the resolution plan of the successful resolution applicant was approved by the Hon'ble NCLT vide order dated 24th February, 2023. By virtue of the said order by the NCLT,



the existing share capital of MSEL was cancelled. Consequently, MSEL and MBE Coal & Mineral Technology India Private Limited (step down subsidiary) ceased to be the subsidiaries of the Holding Company w.e.f. said date. The carrying value of investments in shares amounting to Rs. 17,923.73 Lakhs and advances amounting to Rs. 70.15 Lakhs (net of recovery) has been written off from the books of the Holding Company.

During the year, the assets of MSEL amounting to Rs. 38,888.76 Lakhs and liabilities amounting to Rs. 36,623.29 Lakhs were derecognized. Further, in the consolidated results an amount of Rs.5,037 Lakhs was reduced from Reserves as pertaining to profit earned from MSEL up to 24th February, 2023 which ceased to be the subsidiary of the Holding Company and an amount of Rs. 1,163 Lakhs being the goodwill of MSEL was charged off in Statement of Profit and Loss.

h) Note 8 to the Statement that the results of EMC MBE Contracting Company LLC whose carrying value in the Financial Results of the Holding Company is Rs. Nil (Net of impairment) has not been considered in the Consolidated Financial Results.

i) Note 9 to the Statement that the results of the Joint Venture of the Holding Company i.e. McNally-Troxex, McNally -AML and McNally -Trolex-Kilburn whose carrying value in the Financial Results of the Holding Company is Rs. Nil (net of impairment) and has not been considered in the Consolidated Financial Results.

Our opinion is not modified in respect of these matters.

4. Management's Responsibilities for the Consolidated Financial Results

In view of ongoing CIRP, the management under the RP, is responsible for the preparation and presentation of the Statement 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 Companies Act, 2013 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 Group 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 management under the RP and the Board of Directors and management of the respective Holding Company and subsidiaries are responsible for assessing the ability of their respective companies 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 Group or to cease operations, or has no realistic alternative but to do so.

The management under the RP is also responsible for overseeing the Group's financial reporting process.

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

Our objective is 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. Under Section 143 (3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management under the RP.
- Conclude on the appropriateness of the management under the RP'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 Group'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 Consolidated 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.

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.

6. Other Matters

- i) The Consolidated Financial Results include the unaudited Financial Information/Results of MSEL till 24th February, 2023 whose Interim Financial information/results reflect Group's share of total revenue of Rs.15,238 Lakhs for the financial year ended 31st March, 2023 and Group's share of total net profit of Rs. 4,035 Lakhs for the financial year ended 31st March, 2023, as considered in the Consolidated Financial Results. These Financial Information/Results have been furnished to us by the management under the RP and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such interim Financial Information/Results.
- ii) The Consolidated Financial Results include the unaudited Financial Information/Results of two foreign subsidiaries and audited Financial Information/Results of one Indian subsidiary whose Interim Financial information/results reflect Group's share of total assets of Rs. 351.84 Lakhs as at 31st March, 2023, Group's share of total revenue of Rs.13.06 Lakhs for the financial year ended 31st March, 2023 and Group's share of total net profit of Rs.8.37 Lakhs for the financial year ended 31st March, 2023, as considered in the Consolidated Financial Results. These Financial Information/Results have been furnished to us by the management under the RP and our opinion on the consolidated Financial Results, in so far as it relates to the amounts and disclosures included in respect of these entities is based solely on such interim Financial Information/Results. In our opinion and according to the information and explanations given to us by the management under the RP, these interim financial information/results are not material to the Group.



iii) The Consolidated Financial Results include the results for the quarter ended 31st March, 2023 which represents the difference between audited figures for the financial year and the unaudited figures for the nine months period ended 31st December, 2022.

Our opinion is not modified in respect of these matters.

Place: Kolkata
Date: 26th May, 2023



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

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(A. SENGUPTA)
Partner
Membership No. 051371
UDIN: 23051371BGVSBQ7196

Annexure to the Independent Auditors Audit Report on the Audited Consolidated Financial Results for the quarter and year ended 31st March, 2023.

Annexure-1

- a.** Wholly Owned Subsidiary Companies of the Holding Company
 - i. McNally Bharat Equipments Limited
 - ii. MBE Mineral Technologies Pte Limited
 - iii. MBE Minerals Zambia limited

- b.** Joint Ventures of Holding Company
 - i. McNally – Trolex
 - ii. McNally – AML
 - iii. McNally – Trolex – Kilburn
 - iv. EMC MBE Contracting Company LLC



McNALLY BHARAT ENGINEERING COMPANY LIMITED

CIN: L45202WB1961PLC025181

Regd. Office: 4 MANGO LANE, Kolkata 700 001

Website: www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 6628-1213

Statement of Consolidated Audited Financial Results for the quarter and year ended 31st March, 2023

(Amount in lakhs unless otherwise stated)

Particulars	For The Three months ended			For The Year ended	
	31st March 2023	31st December 2022	31st March 2022	31st March 2023	31st March 2022
	Audited	Unaudited	Audited	Audited	Audited
1 Revenue from operations	9,034.21	11,131.19	10,853.19	38,078.60	42,426.74
2 Other income	236.84	1,858.58	2,964.74	4,381.68	7,120.37
3 Total income (1+2)	9,271.05	12,989.77	13,817.92	42,460.28	49,547.11
4 Expenses					
(a) Cost of materials consumed	5,582.60	6,242.58	9,359.75	21,440.63	21,422.63
(b) Changes in Inventories of work-in-progress and finished goods	123.00	(489.00)	(604.85)	(83.00)	(208.00)
(c) Outsourcing expenses to job workers	2,173.65	1,584.31	3,599.03	9,644.30	11,819.90
(d) Employee benefits expense	1,393.13	1,561.58	1,777.01	6,279.57	7,183.30
(e) Finance costs	17,340.57	60,043.46	1,458.72	1,93,863.72	5,092.53
(f) Depreciation and amortisation expense	202.37	274.70	308.17	1,004.87	1,272.45
(g) Other expenses	8,530.61	11,560.60	5,541.50	32,803.02	11,966.65
Total expenses	35,345.93	80,778.23	21,439.33	2,64,953.11	58,549.46
5 Profit / (Loss) before tax and Exceptional Items (3-4)	(26,074.88)	(67,788.46)	(7,621.41)	(2,22,492.83)	(9,002.35)
6 Exceptional Items	10,163.85	(7,773.61)	(3,075.00)	2,390.24	(3,075.00)
Profit / (Loss) before tax (5+6)	(15,911.03)	(75,562.07)	(10,696.41)	(2,20,102.59)	(12,077.35)
7 Tax expenses:					
(a) Current tax	(20.31)	-	-	(20.31)	-
(b) Provision Written Back	-	-	-	-	(22.00)
(c) Deferred tax	6,234.00	-	-	6,234.00	-
8 Profit / (Loss) for the period/year	(22,124.72)	(75,562.07)	(10,696.41)	(2,26,316.28)	(12,055.35)
9 Other Comprehensive Income					
Items that will not be reclassified to profit or loss :					
(a) Remeasurements of Post-employment Defined Benefit Obligations	(81.05)	18.69	(9.88)	(22.96)	77.79
(b) Income tax relating to these items	-	-	-	-	-
Total other comprehensive income (net of income tax)	(81.05)	18.69	(9.88)	(22.96)	77.79
10 Total comprehensive income for the period/year (8+9)	(22,205.77)	(75,543.38)	(10,706.29)	(2,26,339.24)	(11,977.56)
11 Profit/(Loss) attributable to:					
Owners of the Holding Company	(22,898.32)	(75,592.67)	(9,877.77)	(2,27,060.38)	(11,254.61)
Non-Controlling interest	773.60	30.60	(796.63)	744.10	(800.74)
Total	(22,124.72)	(75,562.07)	(10,674.40)	(2,26,316.28)	(12,055.35)
12 Other Comprehensive income is attributable to :					
Owners of the Holding Company	(70.36)	17.22	61.64	(17.06)	71.34
Non-Controlling interest	(10.69)	1.47	6.27	(5.90)	6.45
Total	(81.05)	18.69	67.91	(22.96)	77.79
13 Total Comprehensive income is attributable to :					
Owners of the Holding Company	(22,968.69)	(75,575.45)	(9,816.14)	(2,27,077.44)	(11,183.27)
Non-Controlling interest	762.91	32.07	(790.35)	738.20	(794.28)
Total	(22,205.77)	(75,543.38)	(10,606.49)	(2,26,339.24)	(11,977.55)
14 Paid up equity share capital (Face value of the share Rs.10 each)	21,157.08	21,157.08	21,157.08	21,157.08	21,157.08
15 Reserve excluding revaluation reserve	-	-	-	(3,53,635.60)	(38,464.98)
16 Earnings Per Share (of Rs. 10/- each) (not annualised):					
Basic (Rs.)	(10.82)	(35.73)	(4.67)	(107.32)	(5.32)
Diluted (Rs.)	(10.82)	(35.73)	(4.67)	(107.32)	(5.32)

The accompanying notes form an integral part of the Consolidated Financial Results

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Asim Kumar Barman
Director
DIN 02373956

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Ravi Sethia
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19/12052
Resolution Professional

McNALLY BHARAT ENGINEERING COMPANY LIMITED
CIN: L45202WB1961PLC025181
Regd. Office: 4 MANGO LANE, Kolkata 700 001
Web:www.mcnallybharat.com, Email id: mbecal@mbecl.co.in, Phone no: (033) 6628-1213
Consolidated Balance Sheet as at 31st March, 2023

(Amount in lakhs unless otherwise stated)

Particulars	As at 31st March 2023 (Audited)	As at 31st March 2022 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,670.83	13,473.15
Right to use assets	97.47	339.45
Capital work-in-progress	462.62	482.62
Goodwill	-	1,162.64
Other Intangible assets	56.54	53.15
Investment Properties	-	355.00
Financial assets		
i. Investments	114.85	117.84
ii. Trade receivables	-	939.00
iii. Other financial assets	20.50	784.58
Deferred tax assets	51,706.60	57,940.60
Other non-current assets	-	134.00
Total non-current assets	54,129.41	75,782.03
Current assets		
Inventories	74.68	5,465.82
Financial assets		
i. Trade receivables	75,293.73	99,252.23
ii. Cash and cash equivalents	3,012.10	4,502.27
iii. Bank balances other than (ii) above	11.37	116.00
iv. Loans	1,828.12	1,852.46
v. Other financial assets	34,321.14	36,818.85
Current tax assets(net)	234.73	1,101.67
Other current assets	40,846.20	40,038.12
Total current assets	1,55,622.07	1,89,147.42
Total assets	2,09,751.48	2,64,929.45
EQUITY AND LIABILITIES		
Equity		
Equity share capital	21,157.08	21,157.08
Other equity		
Reserves and surplus	(3,53,635.60)	(38,464.98)
Equity attributable to owners of the Holding Company	(3,32,478.52)	(17,307.90)
Non-controlling interests	0.05	1,231.51
Total equity	(3,32,478.47)	(16,076.39)
LIABILITIES		
Non-current liabilities		
Financial Liabilities		
i. Borrowings	115.00	14,788.69
ii. Lease Liabilities	24.22	257.88
iii. Trade payables		
-Total outstanding dues of Micro, Small and Medium Enterprises	-	-
-Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	-	-
iv. Other Financial Liabilities	-	347.00
Provisions	259.06	348.34
Total non-current liabilities	398.28	15,741.91
Current liabilities		
Financial Liabilities		
i. Borrowings	3,10,324.52	2,21,493.72
ii. Lease Liabilities	87.60	129.60
iii. Trade payables		
-Total outstanding dues of Micro, Small and Medium Enterprises	184.22	540.96
-Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	22,893.20	25,322.35
iii. Other financial liabilities	2,03,112.60	16,737.01
Other current liabilities	5,137.21	809.34
Provisions	92.32	230.95
Total current liabilities	5,41,831.67	2,65,263.93
Total liabilities	5,42,229.95	2,81,005.84
Total equity and liabilities	2,09,751.48	2,64,929.45

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ASIM KUMAR
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Asim Kumar Barman
Director
DIN 02373956

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Ravi Sethia
(Taken on Record)
IBBI/IPA-001/IP-P01305/2018-19/12052
Resolution Professional

Consolidated Statement of cash flows for the year ended March 31, 2023

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		
Profit before income tax	(2,20,102.59)	(12,077.35)
Adjustments for		
Exceptional item	(2,390.24)	-
Depreciation	1,004.87	1,271.45
Finance Cost	1,93,863.72	5,092.53
Interest Income	(3,887.16)	(3,734.27)
Loss/(Profit) on Disposal of Property, Plant and Equipment (Net)	0.68	(80.99)
Goodwill Written off	1,162.64	-
Provision/ Allowance for doubtful debt	-	1,928.22
Advances written Off	-	385.72
Provision for Slow moving Stock	44.29	-
Remeasurements of post-employment benefit plans OCI	17.06	42.79
Liquidated Damages	6,349.88	-
Bad Debts Written Off	4,487.14	-
Provision for Expected Credit Loss on Trade Receivables and due from customers	14,193.46	(1,689.45)
Liability no longer required written back	-	(674.00)
Provision for Warranty	-	(26.00)
Claim recoverable Written Off	841.35	-
Provision for Doubtful Debts against Claims Recoverable	-	846.82
Provision for Future Foreseeable Losses in Construction Contracts	(533.78)	(1,199.11)
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	141.99	88.81
Foreign Currency Translation Reserve	10.51	-
Net (gain)/loss on financial assets measured at fair value through profit or loss	2.99	2.87
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	258.80	10,597.92
(Increase)/Decrease in inventories	5,346.85	3,835.18
Increase/(Decrease) in trade payables	(2,785.54)	(850.28)
Increase / (Decrease) in Employee Benefit Obligation	-	(647.00)
(Increase)/Decrease in other financial assets	4,171.24	(8,937.83)
(Increase)/decrease in other non-current assets	134.00	1.83
(Increase)/decrease in other current assets	(737.93)	5,941.83
Increase/(decrease) in provisions	(227.91)	(1.17)
Increase/ (decrease) in other financial liabilities	(5,540.59)	(953.08)
Increase/ (decrease) in other liabilities	4,327.87	(3,264.04)
Increase/ (decrease) in Unwinding of Interest	-	61.00
Cash generated from operations	153.61	(4,037.60)
Income taxes (paid)/Refund	846.63	3,365.77
Net cash inflow / (outflow) from operating activities	1,000.24	(671.83)
Cash flows from investing activities		
Purchase of property, plant and equipment	11,410.37	(70.19)
Proceeds from sale of property, plant and equipment	-	266.71
Loss of Control	(12,610.18)	-
Deposits matured/(made) during the year	128.97	39.24
Interest received	-	3,673.27
Net cash inflow / (outflow) from investing activities	(1,070.84)	3,909.03
Cash flows from financing activities		
Proceeds from borrowings	3,992.28	4,688.15
Repayment of borrowings	(3,000.17)	(2,963.04)
Lease Repayment	(275.66)	(43.80)
Interest Paid	-	(5,067.19)
Finance Cost	(158.18)	-
Net cash inflow / (outflow) from financing activities	558.27	(3,385.88)
Net increase/ (decrease) in cash and cash equivalents	487.67	(148.68)
Cash and cash equivalents at the beginning of the financial year	4,502.27	3,823.23
Loss of Control	1,978.00	-
Adjustments of Opening Balances	-	827.26
Effects of exchange rate changes on cash and cash equivalents	0.15	0.46
Cash and cash equivalents at end of the year	3,012.10	4,502.27

Reconciliation of cash and cash equivalents as per the Statement of cash flow

Cash and cash equivalents as per above comprise of the following

Cash and cash equivalents	3,012.10	4,502.27
Adjustments of Opening Balances	-	-
Balances per statement of cash flows	3,012.10	4,502.27

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Asim Kumar Barman
Director
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Resolution Professional

McNally Bharat Engineering Company Limited

Notes to the Statement of Audited Consolidated Financial Results for the Quarter & Year ended 31st March, 2023

1. Pursuant to the application under section 7 of Insolvency and Bankruptcy Act, 2016 filed by one of the Financial Creditors, being C.P (IB) No 891/KB/2020, the National Company Law Tribunal (NCLT), Kolkata Bench, while disposing of, admitted the application vide order dated 29.04.2022 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the holding company. CA Anuj Jain (IBBI/IPA-001/IP-P00142/2017-18/10306) was appointed as the Interim Resolution Professional (IRP) in the holding company. Thereafter, Mr. Ravi Sethia (IBBI/IPA-001/IP-P 01305/2018-2019/12052) has been appointed as Resolution Professional (RP) vide NCLT order dated 26.08.2022. Upon commencement of CIRP, the powers of the Board of Directors of the Holding company stand suspended and management of the Holding Company vested with the Resolution Professional (RP).
2. Committee of Creditors (COC) has been constituted on 18.05.2022 in respect of the Holding company on the basis of collation of all claims and report is submitted to NCLT by IRP for the holding company. The COC has been further reconstituted from time to time by the IRP/RP (last such reconstitution on 29.12.2022) and intimation filed with the Hon'ble NCLT, Kolkata Bench.
3. The Corporate Insolvency Resolution Process (CIRP) of Holding company is currently under process. The Resolution Professional has received Resolution Plans from 4(four) Resolution Applicants, which are under evaluation. The Corporate Insolvency Resolution Process (CIRP) of the erstwhile subsidiary company McNally Sayaji Engineering Limited (MSEL) has been accomplished. The Resolution plan of the Successful Resolution Applicant has been approved by the Hon'ble NCLT Court vide its order dated 24.02.2023. The existing share capital of the said company stand delisted and cancelled. Thereafter, it ceased to be subsidiary of McNally Bharat Engineering Co. Ltd with effect from said date.
4. The Holding company is under CIRP wherein the RP of the Holding company has been managing the operations of the Holding company on a going concern basis. In view of the opinion of the Board of Directors and KMPs, resolution and revival of the Holding Company is possible in the foreseeable future and the RP shall also endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as going concern. Accordingly, the financial statements of the Holding company have been prepared on going concern basis.
5. The above consolidated financial results which are in accordance with Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 read with SEBI circular dated July 05, 2016, have been prepared by the management, reviewed by the Audit Committee (suspended) and approved in the meeting of Board of Directors (suspended) chaired by Mr. Asim Barman at RP's behest held on 26th May, 2023. The Board has relied upon the assistance provided by the members of the Audit Committee in the review of financial results and certifications, representations and statements made by Directors, Chief Financial Officer and other Senior Executives of the Company and taken on record only to the limited extent of discharging the powers of the Board of Directors of the Company which has been conferred upon them in terms of the provisions of section 17 of the Insolvency and Bankruptcy Code, 2016.

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Financial Creditors other than lender banks of the Holding company have also submitted their claims to RP amounting to Rs.2,03,216.42 lakhs out of which Rs.1,14,120.40 lakhs have been admitted by RP. The company has provisionally accounted for interest till 31.03.2023 amounting to Rs.16,236.26 lakhs out of which interest amounting to Rs.1,656.26 lakhs has been recognised during the quarter ended March 31,2023 under the head 'Finance Charges'.

ii) In earlier years, the Holding company had recognised fair valuation gain on account of deferred repayment of Inter Corporate Deposits from Seajuli Developers & Finance Ltd and Woodside Parks Ltd aggregating to Rs.83,804.25 Lakhs. Under the CIRP, both the companies have submitted their financial claims to the RP. RP has admitted their claim. Hence, the Holding Company has reversed its fair valuation gain which was recognised in earlier years under the head 'Other Equity' and correspondingly loan amounting to Rs.98,592.94 Lakhs is shown as "Borrowings".

iii) Apart from above, claim of EIG (Mauritius) Ltd against Holding Company was admitted by RP to the tune of Rs.7,773.61 lakhs which has been recognised in the books of Holding company as 'Exceptional Item' and consequent interest of Rs.888.94 lakhs thereon till 31-03-2023 has also been provided under "Finance Cost".

12. The operational creditors of the Holding company have also submitted the claims to the IRP/RP amounting to Rs.31,563 lakhs, out of which RP has provisionally admitted claims of Rs. 18,247.33 lakhs, as on 21.01.23 but reconciliation thereof with books is under process, which will be taken into records appropriately once reconciliation and settlement with creditors is complete.
13. The Holding Company had recognised Deferred Tax Assets amounting to Rs 51,706.60 Lakhs up to 31st March, 2018. The Holding Company believes that based on the infusion of fresh funds coming to the Holding company with the Investors/ lenders' support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
14. Trade Receivables, Other Financial Assets and Other Current Assets of Holding Company are subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Further, the reconciliation activity by the management of the Holding company is under process and the effects of the reconciliation activity shall be accounted for once the reconciliation process is complete. The management, however, does not expect any material variation. Management is also hopeful for recovery/realisation of receivables which include Rs.41,269.24 lakhs under arbitration till March 31,2023 in the normal course of business, hence no impairment has been considered at this stage, except, the Holding company having written off the trade receivables of Rs.3,438.28 lakhs of Ideal Energy Project Ltd and trade receivables of Rs.1,048.86 lakhs and claims recoverable of Rs.841.35 lakhs due from Jhabua Power Limited.

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15. McNally Sayaji Engineering Limited (MSEL), subsidiary of the company was admitted to CIRP vide order dt.11.02.2021 and eventually the Resolution plan of the successful Resolution Applicant was approved by COC and thereafter by the Hon'ble National Company Law Tribunal, Kolkata Bench, Court-I vide its order dt. 24.02.2023. By virtue of said order approving the Resolution Plan, the existing share capital of the MSEL stands delisted and cancelled. Consequently, MSEL ceased to be a subsidiary of the company with effect from said date and MBE Coal & Minerals Technology India Ltd, being step-down subsidiary of the Holding company no longer remains its step-down subsidiary.
Hence entire carrying value of Investments amounting to Rs.17,923.73 lakhs and Advance of Rs.70.15 lakhs due from MSEL till the CIRP commencement date of MSEL i.e. 11.02.2021 has been written-off from the books of account of the Holding company as 'Exceptional Items' in the quarter ended March 31,2023 as per the provision of the aforesaid order of the Hon'ble NCLT. Consequently, assets amounting to Rs. 38,888.76 Lakhs and liabilities amounting to Rs. 36,623.29 Lakhs of MSEL has not been consolidated with the Holding company and goodwill recognised earlier on consolidation of MSEL with the Holding company ceases to exist. Further, an amount of Rs. 5,037 Lakhs has been reduced from the Reserves of the Consolidated Financial Results pertaining to profits earned from MSEL upto 24th February, 2023 as it ceased to be its subsidiary.
16. Project business is subject to quarterly variations and one quarter's performance in isolation does not necessarily indicate full year's performance.
17. Figures for the previous quarters/ periods have been regrouped/ rearranged wherever considered necessary.
18. Figures of the last quarter ended 31st March, 2023 and 31st March, 2022 are the balancing figures between audited figures for the full financial year and the published figures for the nine months ended of the relevant financial year.

ASIM KUMAR
BARMAN

Asim Kumar Barman
Director
DIN 02373956

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Ravi Sethia
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IBBI/IPA-001/IP-P01305/2018-19/12052
Resolution Professional

Place : Kolkata

Dated : 26th May, 2023

Statement on Impact of Audit Qualifications on Consolidated Financial Results for the Financial Year ended March 31, 2023

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications)
I	1	Total income	42,460.28	Not adjusted [Refer II(a) below]
	2	Total Expenditure	2,68,776.56	Not adjusted [Refer II(a) below]
	3	Net Profit/(Loss)	-2,26,316.28	Not adjusted [Refer II(a) below]
	4	Earnings Per Share	-107.32	Not adjusted [Refer II(a) below]
	5	Total Assets	2,09,751.48	Not adjusted [Refer II(a) below]
	6	Total Liabilities	5,42,229.95	Not adjusted [Refer II(a) below]
	7	Net Worth	-3,32,478.47	Not adjusted [Refer II(a) below]
	8	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:		a) Current Assets and Capital Work-in-Progress	
			<p>i. We draw attention to Note 14 to the statement regarding Trade Receivables, Other Financial Assets and Other Current Assets being subject to confirmation and reconciliation from respective parties and consequential reconciliation, outcomes of pending arbitration/settlements of claims and adjustments arising therefrom, if any. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.</p> <p>ii. Further, out of Claims Recoverable (BG Encashed) amounting to Rs. 36,252.08 Lakhs, Rs. 13,690.09 Lakhs is under arbitration till 31st March, 2023 while the remaining amount is doubtful of recovery. Adjustments/ Impacts with respect to these are currently not ascertainable and as such cannot be commented upon by us.</p> <p>iii. Further, Capital Work-in-Progress amounting to Rs. 462.62 Lakhs, has had no material movement since 31st March, 2016. In absence of confirmation and progress report, we are unable to ascertain the impact/ adjustments required.</p>	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Adverse Opinion	
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		Repetitive	
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		Not applicable	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification:		Not applicable	
	(ii) If management is unable to estimate the impact, reasons for the same:		Recoverability of Trade Receivables, Other Financial Assets and Other Current Assets depends upon the outcome of Arbitration Orders and confirmation / reconciliation with parties as stated in Note No. 12. Therefore, adjustments / impacts with respect to these are currently not ascertainable.	
	(iii) Auditors' Comments on (i) or (ii) above:		Agreed	
	B. Details of Audit Qualification:		b) Non-adjustment of the Carrying Value of Loans	
			<p>In earlier years, the Holding Company had given unsecured loan to Vedica Sanjeevani Projects Private Limited ("VSPL"). VSPL vide their letter dated 15th February, 2022 informed the Holding Company that it was unable to service the debt and requested the Holding Company for a moratorium on the repayment of the loan, including interest for two years i.e., F.Y. 2021-22 and F.Y. 2022-23. Subsequently, the Holding Company has stopped booking interest income on the same. In absence of any further communication between the Holding Company and VSPL made available to us, we are unable to comment on the realizability of loan and its interest and consequential adjustment which should be recognized in the books.</p> <p>This constitutes a material departure from the requirements of Indian Accounting Standard - 109 "Financial instrument".</p>	
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion		Adverse Opinion	

	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First Time
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	Not applicable
	(ii) If management is unable to estimate the impact, reasons for the same:	In the absence of any further communication with Vedica, the company is unable to estimate the impact.
	(iii) Auditors' Comments on (i) or (ii) above:	Agreed
	C. Details of Audit Qualification:	<p>c) Recognition of Deferred Tax Assets</p> <p>We draw attention to Note 13 to the Statement that the Group had recognized deferred tax assets of Rs. 51,706.60 lakhs up to 31st March, 2018 expecting adequate future taxable profits to the Group against which the deferred tax assets could be realized. The Group believes that with the investors support and after infusion of fresh funds in the Holding Company by the successful resolution applicant there will be adequate future profits.</p> <p>However, the Group has not recognized further deferred tax assets thereafter on prudent basis.</p> <p>This constitutes a material departure from the requirements of Indian Accounting Standard 12 "Income Taxes".</p>
	b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Adverse Opinion
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	Not applicable
	(ii) If management is unable to estimate the impact, reasons for the same:	The Company believes that based on the infusion of fresh funds coming to the Company with the Investors support there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised further Deferred Tax Assets thereafter on prudent basis.
	(iii) Auditors' Comments on (i) or (ii) above:	Agreed
Signatories:		
III	• Chief Executive Officer	<p>SRINIVASH SINGH</p> <p><small>Digitally signed by SRINIVASH SINGH DN: cn=Srinivash Singh, o=VEDICA, ou=VEDICA, email=Srinivash.Singh@vedica.com, c=IN Date: 2023.05.26 19:07:35 +05'30'</small></p>
	• Chief Financial Officer	<p>PRADYUMAN BAIDYA</p> <p><small>Digitally signed by PRADYUMAN BAIDYA Date: 2023.05.26 19:07:35 +05'30'</small></p>
	• Audit Committee Chairman	<p>ASIM KUMAR BARMAN</p> <p><small>Digitally signed by ASIM KUMAR BARMAN DN: cn=Asim Kumar Barman, o=VEDICA, ou=VEDICA, email=Asim.Kumar.Barman@vedica.com, c=IN Date: 2023.05.26 19:07:35 +05'30'</small></p>
	• Ravi Sethia Resolution Professional IBBI/IPA-001/IP-P01305/2018-2019/12052	<p>RAVI SETHIA</p> <p><small>Digitally signed by RAVI SETHIA Date: 2023.05.26 19:49:16 +05'30'</small></p>
	• Statutory Auditor	<p>ANIRUDDHA SENGUPTA</p> <p><small>Digitally signed by ANIRUDDHA SENGUPTA Date: 2023.05.26 20:29:50 +05'30'</small></p>
	Place: Kolkata	
Date: May 26, 2023		