

## McNally Bharat Engg Co Limited

June 24, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Cumulative Redeemable Preference Shares	43.50	CARE D; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Detailed rationale and key rating drivers

CARE had, vide its press release dated April 12, 2023, continued the ratings of McNally Bharat Engg Co Limited (MBECL) under the 'issuer non-cooperating' category as MBECL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. MBECL continues to be non-cooperative despite repeated requests for submission of information through phone calls and letters/emails dated February 26, 2024 and March 17, 2024 among others.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

### Detailed description of the key rating drivers

At the time of last rating on April 12, 2023, the following were the rating strengths and weaknesses (updated for the information available from stock exchange filings):

#### Key Rating Weaknesses:

**Delays in debt servicing by the company:** The liquidity position of the company continues to be stressed due to losses incurred and stretched operating cycle. This has led to continued delays in servicing of debt obligations. The operating cycle has been stretched due to high collection period. MBECL is currently under corporate insolvency resolution process (CIRP). On December 19, 2023, NCLT pronounced its order in favour of one of the successful Resolution Applicants i.e., BTL EPC Limited, who had proposed to pay over Rs.441 crore against McNally Bharat's admitted liabilities of Rs 5,015 crore. The lenders had approved BTL EPC's resolution plan.

**Leveraged capital structure:** The capital structure of MBECL is highly leveraged due to erosion of net worth resulting from continuing losses and high debt level.

**Analytical approach:** Standalone

#### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Definition of Default](#)

[Construction](#)

[Financial Ratios – Non financial Sector](#)

#### About the company

MBECL, incorporated in 1961, based in Kolkata, is engaged in engineering turnkey project execution. It belongs to the B. M. Khaitan group. MBECL has completed large number of turnkey projects in different areas of its operations like bulk material handling, ash handling, port handling, mineral beneficiation plant, water management, road construction and maintenance, structural fabrication, erection, piping, utilities, etc.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (Abridged)
Total operating income	229.75	167.61
PBILDT	-303.93	-93.68
PAT	-2,471.21	-883.26
Overall gearing (times)	NM	NM
Interest coverage (times)	-0.16	-0.11

A: Audited, UA: Unaudited, NA: Not Available, NM: Not Meaningful

Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** Brickwork Ratings has continued the review on the basis of best available information and has continued MBECL as "Not cooperating" vide its press release dated February 08, 2024 due to is non-furnishing of requisite information for monitoring of ratings and non-submission of NDS for a long time.

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Preference Shares-Cumulative Redeemable Preference Shares	INE748A04010 INE748A04028 INE748A04036	06-Mar-2013	11.50	05-Mar-2020	43.50	CARE D; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information.

#### Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Preference Shares-Cumulative Redeemable Preference Shares	LT	43.50	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (12-Apr-23)	1)CARE D; ISSUER NOT COOPERATING* (15-Apr-22)	1)CARE D (RPS); ISSUER NOT COOPERATING* (27-Jan-22)

\*Issuer did not cooperate; Based on best available information.

**Annexure-3: Detailed explanation of covenants of the rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Preference Shares-Cumulative Redeemable Preference Shares	Highly Complex

## Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

### Contact us

Media Contact	Analytical Contacts
<p>Name: Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: 91 22 6754 3404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a></p>	<p>Name: Hardik Manharbhai Shah Director <b>CARE Ratings Limited</b> Phone: +91-79-4026 5620 E-mail: <a href="mailto:hardik.shah@careedge.in">hardik.shah@careedge.in</a></p> <p>Name: Richa Bagaria Associate Director <b>CARE Ratings Limited</b> Phone: +91-33-4018 1653 E-mail: <a href="mailto:richa.jain@careedge.in">richa.jain@careedge.in</a></p> <p>Name: Preeti Baid Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:preeti.baid@careedge.in">preeti.baid@careedge.in</a></p>

### About us:

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### Disclaimer:

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