



## RATING RATIONALE

18 Sept 2020

### McNally Bharat Engineering Company Ltd.

Brickwork Ratings reaffirms at “BWR D” both the long term and short term ratings for the Bank Loan facilities aggregating Rs. 4863.78 Crore of McNally Bharat Engineering Company Limited (MBECL or “the company”) based on best available information, as the issuer did not cooperate.

#### Particulars

Facilities*	Amount (Rs. Crs)		Tenure	Rating#	
	Previous	Present		Previous (Oct, 2018)	Present
Fund based	1673.13	1673.13	Long Term	BWR D Downgraded Issuer Not Cooperating**	<b>BWR D Reaffirmed, Issuer Not Cooperating**</b>
Non Fund Based	3190.65	3190.65	Short Term		
<b>Total</b>	4863.78	<b>4863.78</b>	<b>Rs. Four Thousand Eight Hundred Sixty Three Crores and Seventy Eight Lakhs Only</b>		

\*Details of Bank facilities are provided in Annexure-I

# Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

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

## RATING ACTION / NATURE OF NON-COOPERATION

BWR has **reaffirmed** the ratings for both the long term and short term bank loan facilities of MBECL aggregating Rs. 4863.78 Crores, at **BWR D**, and has retained the status of “**Issuer Not Cooperating**” for both the ratings based on best available information, as the Issuer did not cooperate.

The ratings were due for review in Oct 2019. BWR took up with MBECL and its lenders (as available with us at the time of rating done in 2017) through emails, to provide the required information for conducting a review of the ratings. However, despite the best efforts of BWR to get the minimum required information for a review, neither the company nor its lenders have provided the same. The company has also not been submitting the required NDS.

As per the Independent Auditor’s Review Report on the standalone unaudited financial results of MBECL for the quarter ended 30/6/2020 submitted to the stock exchanges, the Company’s accounts have been categorised as Non-Performing Assets by the lender banks, and majority of the lender banks have stopped debiting interest on their outstanding debts as per the Prudential Norms on Income Recognition issued by the Reserve Bank of India.



Due to the continued lack of management cooperation, non-submission of NDS, and lack of information from the company about its current status, BWR is unable to assess the company's financial performance or its ability to service its debt and maintain a valid rating. Hence the ratings are retained in the "Issuer Not Cooperating" category. The rating reaffirmation at D is based additionally on the absence of feedback from its bankers about its current performance, as well as the information available in the public domain about the latest financial performance of the company.

### LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally, non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

### COMPANY PROFILE

Incorporated in 1961 under the name of McNally Bird Engineering Company Limited as a joint venture between McNally Pittsburg, USA and Bird & Co, it was subsequently renamed as McNally Bharat Engineering Company Limited (MBECL) in 1972. McNally Bharat Engineering Company Limited (MBECL) is one of the established Engineering Companies in India. In 1980, the Company was taken over by Williamson Magor Group. The Company, headquartered at Kolkata, is engaged in providing Turnkey solutions in the areas of Power, Steel, Alumina, Material Handling, Mineral Beneficiation, Coal washing, Ash handling and disposal, Port Cranes, Civic and Industrial water supply etc. It also has many subsidiaries and associates, both in India and abroad. The company is listed on both BSE and NSE.

### NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY: None

### RATING HISTORY FOR THE LAST THREE YEARS (Including Withdrawals and Suspensions):

Facilities	Current Rating (Sept 2020)			Rating History		
	Tenure	Amt (Rs. Crs)	Rating	2019	4-Oct-18	24-Jul-17
Fund Based	Long Term	1673.13	BWR D Reaffirmed, Issuer Not Cooperating*	-	BWR D Downgraded Issuer Not Cooperating*	BWR B (Stable)
Non Fund Based	Short Term	3190.65		-		BWR A4
Total		4863.78	Rs. Four Thousand Eight Hundred Sixty Three Crores and Seventy Eight Lakhs Only			

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

### COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)



**Hyperlink/Reference to applicable Criteria**

- **General Criteria**
- **Approach to Financial Ratios**
- **What constitutes Non-Cooperation**
- **Default recognition and default curing period**

Analytical Contacts	Investor and Media Relations
<p>Hema Sethia Ratings Analyst B :+91 80 4040 9940 <a href="mailto:hema.s@brickworkratings.com">hema.s@brickworkratings.com</a></p> <p>Anuradha Gupta Director – Ratings Board: 9073918943 <a href="mailto:anuradha.g@brickworkratings.com">anuradha.g@brickworkratings.com</a></p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 <a href="mailto:liena.t@brickworkratings.com">liena.t@brickworkratings.com</a></p>

**For print and digital media** The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**About Brickwork Ratings :** Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions’ instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partners. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

**DISCLAIMER** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.