

## RATING RATIONALE

08 Feb 2024

### McNally Bharat Engineering Company Ltd.

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs. 4863.78 Crs. of McNally Bharat Engineering Company Ltd. and retains the ratings in the Issuer Not Cooperating category, based on best available information, as the issuer did not cooperate.**

#### Particulars

Facilities**	Amount(Rs.Crs)		Tenure	Rating#	
	Previous	Present		Previous (08 Nov 2022)	Present (08 Feb 2024)
<b>Fund Based</b>	1673.13	<b>1673.13</b>	Long Term	BWR D, Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>BWR D, Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed</b>
<b>Non Fund Based</b>	55.00	<b>55.00</b>	Long Term	BWR D, Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>BWR D, Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed</b>
	3135.65	<b>3135.65</b>	Short Term	BWR D, Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	<b>BWR D, Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed</b>
<b>Grand Total</b>	4863.78	<b>4863.78<sup>^</sup></b>	<b>(Rupees Four Thousand Eight Hundred Sixty Three Crores and Seventy Eight lakhs Only)</b>		

#Please refer to Brickwork Ratings website <https://www.brickworkratings.com> for the definition of the ratings

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

\*\* Details of Instruments and Bank loan facilities are provided in Annexures-I

<sup>^</sup> As per information available with us at the time of the last active rating on July 21, 2017 the company enjoyed banking facilities aggregating Rs.4863.78 Crores from banks through a consortium arrangement. The Lead Bank of the consortium was Bank of India.

#### RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION

Brickwork Ratings has reaffirmed the ratings of the long term bank loan facilities for Rs.1728.13 Crs of McNally Bharat Engineering Company Ltd. at BWR D and has also reaffirmed the rating for their short-term bank loan facilities for Rs.3135.65 crores at BWR D (aggregate rated amount Rs.4863.78 crores) with continuation of the ratings in the “ISSUER NOT COOPERATING” category, based on best available information as the Issuer did not cooperate.

The rating was due for review on 08 Nov 2023. BWR took up with the Company and its bankers, over emails and through telephone calls, to provide the required information.

However, despite the best efforts of BWR to get at least the minimum required information for a review, neither the company nor the banker have provided the same, nor have they shared the latest financials and other relevant information/documents required for a review. The company has also not been submitting the No Default Statements (NDS) for a long time

The reaffirmation of the ratings takes into account the fact that as per information available in the public domain, the company continues to be under the Corporate Insolvency Resolution Process (CIRP), and currently a Resolution Plan approved by the NCLT on 19th December, 2023 is under implementation. Since details thereof are not known to BWR (except the fact that the Implementation and Monitoring Committee for the Resolution Plan, which was constituted on 28th December, 2023 has recently held its second meeting) and since there is no contrary information in the public domain about the default, it is presumed that the default continues. The “Issuer Not Cooperating” status is being retained since despite multiple requests over emails and calls, the company has not responded and shared any information about its present state of affairs. The lenders too have not provided any feedback on the account status, despite our information requests.

In the absence of management cooperation on the part of the company to provide adequate information/documents for a review within the required timelines despite follow-up, coupled with non submission of NDS and lack of banker's feedback, BWR is unable to assess the company's exact financial performance or its ability to service its debt and maintain a valid rating. Accordingly, keeping in view the regulatory guidelines in this regard and based on best available information, the long term and short term ratings of the bank loan facilities of the company are reaffirmed at BWR D and both the ratings are continued in the “Issuer Not Cooperating” category as the Issuer did not cooperate.

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

## **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 rating 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.

## **Key Covenants of the facilities rated-**

### **A.Bank Loans**

Usual criteria for bank loans

## **Analytical Approach - Standalone**

## **ABOUT THE ENTITY**

McNally Bharat Engineering Company Limited (MBECL) is one of the established Engineering Companies in India, which was incorporated on 10th July 1961 under the name of McNally Bird Engg. Co. Ltd as a joint venture between McNally Pittsburg, USA and Bird & Co. The company was subsequently renamed as McNally Bharat Engineering Company Limited (MBECL) in the year 1972. In the year 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.

(as per the information shared during July 2017 rating review)

## KEY FINANCIAL INDICATORS

Please refer to the following link for the previous detailed rationale that captures the Key Financials Drivers and their Description, Liquidity Position, Rating Sensitivities, Key Financial Indicators. [View Previous Document](#)

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY:** Yes (CARE, Rating amount- Rs.43.50 Crs, CARE D ISSUER NOT COOPERATING, 12 April 2023)

## RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]:

Facilities		Current Rating (2024)		2023		2022		2021	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	1673.13	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	NA	NA	08Nov 2022	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	04Oct2021	Reaffirmation/ISSUER NOT COOPERATING*
Non Fund Based	LT	55.00	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	NA	NA	08Nov 2022	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	04Oct2021	Reaffirmation/ISSUER NOT COOPERATING*
Non Fund Based	ST	3135.65	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	NA	NA	08Nov 2022	BWR D (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	04Oct2021	Reaffirmation/ISSUER NOT COOPERATING*
<b>Grand Total</b>		4863.78	<b>(Rupees Four Thousand Eight Hundred Sixty Three Crores and Seventy Eight lakhs Only)</b>						

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

**Initial rating by BWR:** BWR B/Stable, BWR A4 for Rs. 4863.78 Crs. of bank facilities on 24 July 2017

## COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit

<https://www.brickworkratings.com/download/ComplexityLevels.pdf>

**HYPERLINK/REFERENCE TO APPLICABLE CRITERIA**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)
- [Manufacturing Companies](#)
- [Default Recognition and Post Default Curing Period](#)
- [Policy on Non-cooperation by Issuer](#)

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**MCNALLY BHARAT ENGINEERING COMPANY LTD**

**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

<b>SL.No.</b>	<b>Name of the Bank/Lender</b>	<b>Type Of Facilities</b>	<b>Long Term(Rs.Crs.)</b>	<b>Short Term(Rs.Crs.)</b>	<b>Total(Rs.Crs.)</b>
1	Indian Bank	Cash Credit-Sanctioned	25.00	–	<b>25.00</b>
2	Indian Bank	Letter of Credit-Sanctioned	–	75.00	<b>75.00</b>
3	Axis Bank Ltd.	Letter of Credit-Sanctioned	–	260.00	<b>260.00</b>
4	Axis Bank Ltd.	Term Loan-Sanctioned	130.00	–	<b>130.00</b>
5	Axis Bank Ltd.	Cash Credit-Sanctioned	30.00	–	<b>30.00</b>
6	Axis Bank Ltd.	Bank Guarantee-Sanctioned	–	100.00	<b>100.00</b>
7	Bank of Baroda	Bank Guarantee-Sanctioned	–	100.00	<b>100.00</b>
8	Bank of Baroda	Cash Credit-Sanctioned	25.00	–	<b>25.00</b>
9	Bank of India	Cash Credit-Sanctioned	285.00	–	<b>285.00</b>
10	Bank of India	Bank Guarantee-Sanctioned	–	344.00	<b>344.00</b>
11	Bank of India	Letter of Credit-Sanctioned	–	80.00	<b>80.00</b>
12	Canara Bank	Cash Credit-Sanctioned	10.00	–	<b>10.00</b>
13	Canara Bank	Bank Guarantee-Sanctioned	–	50.00	<b>50.00</b>
14	DCB Bank	Bank Guarantee-Sanctioned	–	8.65	<b>8.65</b>
15	DCB Bank	Cash Credit-Sanctioned	3.50	–	<b>3.50</b>
16	HDFC Bank	Cash Credit-Sanctioned	15.00	–	<b>15.00</b>
17	HDFC Bank	Bank Guarantee-Sanctioned	–	85.00	<b>85.00</b>
18	HDFC Bank	Term Loan-Sanctioned	50.00	–	<b>50.00</b>
19	ICICI Bank	Term Loan-Sanctioned	40.14	–	<b>40.14</b>
20	ICICI Bank	Letter of Credit-Sanctioned	–	3.30	<b>3.30</b>
21	ICICI Bank	Bank Guarantee-Sanctioned	–	168.70	<b>168.70</b>

22	ICICI Bank	Cash Credit-Sanctioned	110.00	–	<b>110.00</b>
23	IDBI Bank	Cash Credit-Sanctioned	125.00	–	<b>125.00</b>
24	IDBI Bank	Bank Guarantee-Sanctioned	–	368.00	<b>368.00</b>
25	IDBI Bank	Letter of Credit-Sanctioned	–	50.00	<b>50.00</b>
26	IDBI Bank	Term Loan-Sanctioned	9.00	–	<b>9.00</b>
27	Karur Vysya Bank	Letter of Credit-Sanctioned	–	25.00	<b>25.00</b>
28	Karur Vysya Bank	Bank Guarantee-Sanctioned	–	225.00	<b>225.00</b>
29	Karur Vysya Bank	Cash Credit-Sanctioned	30.00	–	<b>30.00</b>
30	Kotak Mahindra Bank	Cash Credit-Sanctioned	15.00	–	<b>15.00</b>
31	DBS Bank India Ltd	Cash Credit-Sanctioned	1.00	–	<b>1.00</b>
32	DBS Bank India Ltd	Bank Guarantee-Sanctioned	–	9.00	<b>9.00</b>
33	DBS Bank India Ltd	Letter of Credit-Sanctioned	–	10.00	<b>10.00</b>
34	Punjab National Bank	Bank Guarantee-Sanctioned	–	25.00	<b>25.00</b>
35	Punjab National Bank	Cash Credit-Sanctioned	1.00	–	<b>1.00</b>
36	Punjab National Bank	Cash Credit-Sanctioned	15.00	–	<b>15.00</b>
37	Punjab National Bank	Bank Guarantee-Sanctioned	–	200.00	<b>200.00</b>
38	RBL Bank	Term Loan-Sanctioned	142.49	–	<b>142.49</b>
39	Standard Chartered Bank	Bank Guarantee-Sanctioned	–	75.00	<b>75.00</b>
40	Standard Chartered Bank	Cash Credit-Sanctioned	25.00	–	<b>25.00</b>
41	State Bank Of India (SBI)	Cash Credit-Sanctioned	100.00	–	<b>100.00</b>
42	State Bank Of India (SBI)	Bank Guarantee-Sanctioned	–	500.00	<b>500.00</b>
43	State Bank Of India (SBI)	Letter of Credit-Sanctioned	–	50.00	<b>50.00</b>

44	UCO Bank	Bank Guarantee-Sanctioned	–	54.00	<b>54.00</b>
45	UCO Bank	Cash Credit-Sanctioned	10.00	–	<b>10.00</b>
46	Union Bank of India	Cash Credit-Sanctioned	20.00	–	<b>20.00</b>
47	Union Bank of India	Bank Guarantee-Sanctioned	–	250.00	<b>250.00</b>
48	Punjab National Bank	Bank Guarantee-Sanctioned	55.00	–	<b>55.00</b>
49	Punjab National Bank	Cash Credit-Sanctioned	1.00	–	<b>1.00</b>
50	Yes Bank	Bank Guarantee-Sanctioned	–	20.00	<b>20.00</b>
51	Yes Bank	Term Loan-Sanctioned	455.00	–	<b>455.00</b>
<b>Total</b>			<b>1728.13</b>	<b>3135.65</b>	<b>4863.78</b>
<b>TOTAL (Rupees Four Thousand Eight Hundred Sixty Three Crores and Seventy Eight lakhs Only)</b>					

**Note:** As per information available in July 2017

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