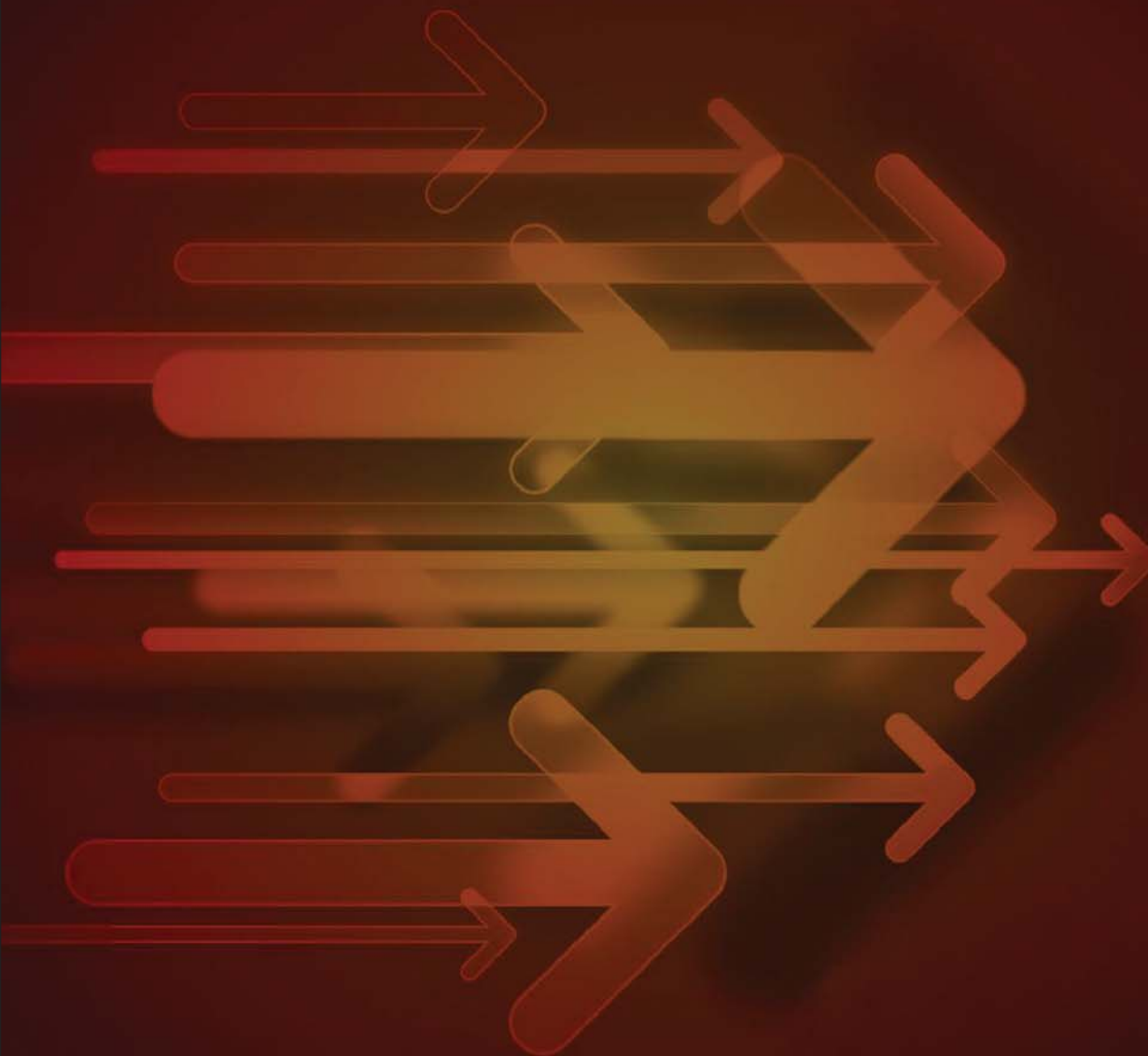




McNally Sayaji Engineering Limited



Annual Report 2013-14



BOARD OF DIRECTORS

Mr. Deepak Khaitan *Chairman*
Mr. Subir Chaki *Whole time Director & CEO*
Mr. Subir Ranjan Dasgupta
Mr. Prabir Kumar Ghosh
Mr. Prasanta Kumar Chandra
Mr. Padam Kumar Khaitan
Mr. Sanjay S. Patel
Mr. Heath Brian Zarin

CHIEF FINANCIAL OFFICER

Mr. Uttam Tekriwal

COMPANY SECRETARY

Mr. Amit Pathak

AUDITORS

Lovelock & Lewes
Chartered Accountants

BANKERS

State Bank of India
ICICI Bank Limited
ING Vysya Bank Limited
DBS Bank Limited
IDBI Bank Limited

REGISTERED OFFICE

4, Mangoe Lane, 7th floor, Kolkata -700001
Telephone : (033) 22138905/06/07/08

CORPORATE OFFICE

Ecospace, Campus 2B, 11F/12 (Old Plot No. AAI/Block 3),
New Town, Rajarhat, North 24 Parganas, Kolkata 700 156
Telephone : (033) 30142280, Fax : (033) 30142393

CORPORATE IDENTIFICATION NUMBER (CIN)

L28999WB1943PLC133247

REGISTRAR & TRANSFER AGENT

M/s. Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor, Kolkata -700001
Telephone : (033) 22435029 / 5809, 22482248
Fax : (033) 22484787
Email : mdpl@cal.vsnl.net.in



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NOTICE

NOTICE is hereby given that the 70th Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on Tuesday, July 29, 2014 at 3.30 P.M. at, 7th Floor, Campus 2B, Ecospace, Premises No 11F/12 (Plot No AAll/Block -3), New Town, Rajarhat, Kolkata - 700 156, West Bengal to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss Account of the Company for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prabir Kumar Ghosh, who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Mr. Heath Brian Zarin, who retires by rotation and being eligible, seeks re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting for the year ended March 31, 2019, subject to ratification of their appointment at every Annual General Meeting, and authorize the Board to fix their remuneration. M/s Lovelock & Lewes, Chartered Accountants (FRN: 301056E), retiring Auditors being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

5. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution
"RESOLVED that in supersession of the resolution adopted through means of a Postal Ballot, the results of which were declared on July 14, 2010, the consent of the Company be and is hereby granted, in accordance with Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), to the Board of Directors to borrow any sum or sums of money from time to time from any one or more bankers and or from anyone or more other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans or bills discounting, issue of debentures or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether immovable or moveable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertaking(s) of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.10,00,00,00,000/- (Rupees One thousand crores only) exclusive of interest, and the Board of Directors is hereby further authorised to execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings containing such conditions and covenants as the Board may think fit."
"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."
6. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution
"RESOLVED that in supersession of the resolution adopted through means of a Postal Ballot, the results of which were declared on July 14, 2010, the consent of the Company be and is hereby granted, in accordance with Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), to the Board of Directors to mortgage and/or charge, in addition to the mortgages and/or charges created/to be created by the Company, in such form and manner and with such ranking as to priority and for such time and on such terms as the Board may determine, all or any of the movable and /or immovable, tangible and/or intangible



properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/party convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued /to be issued by the Company, from time to time, subject to the limits approved under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on pre-payment, remuneration of agent(s)/ trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation /fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement(s), debenture trust deed or any other document entered into/to be entered into between the Company and the lender(s)/agent(s)/trustees, in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the lender(s)/ agent(s)/trustee(s).”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid and also to delegate all or any of the above powers to the Committee of Directors or the Whole Time Director or the Chief Financial Officer or the Company Secretary of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

7. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

“RESOLVED that in supersession of the resolution adopted through means of a Postal Ballot, the results of which were declared on July 14, 2010, the consent of the Company be and is hereby granted, in accordance with Section 186 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of any body corporate up to a limit not exceeding Rs. 5,00,00,00,000/- (Rupees Five hundred crores only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors or either of the Whole Time Director of the Company, Chief Financial Officer of the Company or the Company Secretary of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

Registered Office:
4 Mangoe Lane
Kolkata- 700 001.
Dated : 29th May, 2014

By Order of the Board
For **McNally Sayaji Engineering Limited**

Amit Pathak
D.G.M. – Finance and Company Secretary



NOTES :

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to special business set out in the Notice is annexed.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Corporate Members are requested to send a duly certified copy of the Board Resolution, authorizing their representative to attend and vote at the Annual General Meeting.
3. A proxy form duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
4. The Company is providing the facility of e-voting to the Members and the details are set out in the Annexure set herewith.
5. Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from July 18, 2014 to July 28, 2014 (both days inclusive).
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
8. Members who are holding Shares in identical order or names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
9. Non-resident Indian Shareholders are requested to inform the Company immediately:
 - a) The change in residential status on return to India for permanent settlement;
 - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
10. Members whose shares are held in dematerialized form are requested to inform change in address and updates of savings bank account details to their respective depository participants. Dividends in respect to such shares held in dematerialized form shall be credited to the beneficial owners' savings bank account directly through National Electronic Clearing Services (NECS), subject to the availability of such bank details.
11. Members holding shares in physical form and desirous of having NECS facility, should provide their bank details and 9 digit MICR to the RTA of the Company immediately. The Members who have already given their bank details should furnish the same only if there is any change.
12. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's RTA quoting their Folio Number. Members holding shares in dematerialized form, should intimate change of their address, if any, to their Depository Participant.
13. Information u/s 205A of the Companies Act, 1956 read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 as amended is given below:

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of the Dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
14. The Securities and Exchange Board of India (SEBI) vide Circular Ref.No.MRD/DoP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transactions. Thereafter, vide Circular No.MRD/DoP/Cir-05/



2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transactions involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA for registration of such transfer of shares.

SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases:

- a) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
 - b) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
 - c) Transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
15. The Shareholders are requested to send directly all documents, transfer, demat requests and other communication in relation thereto to the Registrar at their following address:
- M/s Maheshwari Datamatics Pvt. Ltd.
Unit : **McNally Sayaji Engineering Limited**
6, Mangoe Lane, 2nd Floor,
Kolkata – 700 001
Telephone No : (033) 22435029/5809, 22482248
Fax : (033) 22484787
Email : mdpl@cal.vsnl.net.in
Contact Person : Mr. S. Rajagopal, Vice President
16. Members who have not registered their e – mail addresses so far are requested to register their e- mail address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically.
 17. The information as required to be provided in terms of the Listing Agreement with the Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed is annexed.
 18. Members desiring any information as regards the Accounts are requested to write to the Company at least seven days prior to the meeting so as to enable the Management to keep the information ready at the Meeting.
 19. All the documents referred to in the accompanying notice are available for inspection at the Registered Office of the Company on all the working days between 11.00 AM to 1.00 PM upto the date of the Annual General Meeting.
 20. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
 21. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

The members of the Company, through means of a Postal Ballot, the results of which were declared on July 14, 2010, approved, by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.10,00,00,00,000/- (Rupees One thousand crores only) exclusive of interest.

Section 180(1)(c) of the Companies Act, 2013, effective from September 12, 2013, requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 5 of the Notice, to enable to the Board of Directors to



borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow such amount of money provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.10,00,00,00,000/- (Rupees One thousand crores only) exclusive of interest.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6

The members of the Company, through means of a Postal Ballot, the results of which were declared on July 14, 2010, approved, by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, to mortgage and/or charge, in addition to the mortgages and/or charges created/to be created by the Company, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued /to be issued by the Company.

Section 180(1)(a) of the Companies Act, 2013, effective from September 12, 2013, requires that the Board of Directors shall not sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the substantially the whole of any of such undertakings, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 6 of the Notice, to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the substantially the whole of any of such undertakings. Approval of members is being sought to mortgage and/or charge, in addition to the mortgages and/or charges created/to be created by the Company, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) (in foreign currency and/or rupee currency) and securities (comprising fully/partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued /to be issued by the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7

The members of the Company, through means of a Postal Ballot, the results of which were declared on July 14, 2010, approved by way of a Special Resolution under Section 372A and other applicable provisions, if any, of the Companies Act, 1956, to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of anybody corporate up to a limit not exceeding Rs. 5,00,00,00,000/- (Rupees Five hundred crores only)

Section 186 of the Companies Act, 2013, effective from April 1, 2014, requires that the Board of Directors shall not give any loan, guarantee, provide security in connection with a loan and acquire securities of any other body corporate in excess of the sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, unless the consent of the company is accorded by way of a special resolution

The Company provides loans and corporate guarantees to its Holding Company and other bodies corporate or other entities in India and/or abroad for furthering its business activities. The Board of Directors thus requires approval, by means of a Special Resolution in Item No. 7, under Section 186 of the Companies Act, 2013, of the Members of the Company, for achieving greater financial flexibility and facilitating speedier implementation of various projects, to invest in excess of the investment limits specified under the said Section of the Act by a sum not exceeding Rs. 5,00,00,00,000/- (Rupees Five hundred crores only). The funds required for the investment(s) would be sourced through internal accruals and/ or proceeds of issue of securities and/or external borrowings if deemed necessary.



None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Particulars of Directors seeking appointment/ reappointment at this Annual General Meeting pursuant to clause 49(iv)(g) of the Listing Agreement:

Name of Director	Mr. Prabir Kumar Ghosh
Date of Birth	4th June, 1959
Date of Appointment	13th February, 2012
Qualifications	B Com(Hons), ACA
Experience in special functional Area	Business Executive
List of Outside Directorship held	1. McNally Bharat Engineering Company Limited 2. McNally Bharat Infrastructure Limited 3. MBE Mineral Technologies Pte Limited 4. MBE Minerals SA Pty Limited 5. MBE Coal & Mineral Technologies GmbH
Chairman/Member of the Committee of the Board of Directors of the Company	Member – Audit Committee
Chairman/Member of the Committee of the Directors of other companies in which he is a Director a) Audit Committee b) Shareholders'/ Investors' Grievance Committee c) Remuneration Committee d) Committee of Directors	Nil Member - McNally Bharat Engineering Company Limited Nil Member - McNally Bharat Engineering Company Limited
Shareholding in the Company as on 31.03.2014	300



Name of Director	Mr. Heath Brian Zarin
Date of Birth	4th December, 1975
Date of Appointment	7th September, 2009
Qualifications	B.A, CFA, CMT, CAIA
Experience in special functional Area	Business Executive
List of Outside Directorship held	<ol style="list-style-type: none">1. EIG (Mauritius) Limited2. Emergent Investment Group (Hong Kong) Limited3. Brooklyn Bay Holdings Limited4. Billion Venture Group Limited5. CS Logistics Holdings Limited6. JD United Manufacturing Corporation Limited7. Allport Limited8. ediTRACK Limited9. Hundred Honest Limited10. Gain Noble Limited11. EmergeVest Limited12. EmergeVest GP Limited13. EmergeVest GP A Limited14. Vestis Holdings Limited15. Carrus Holdings Limited
Chairman/Member of the Committee of the Board of Directors of the Company	Nil
Chairman/Member of the Committee of the Directors of other companies in which he is a Director	
a) Audit Committee	Nil
b) Shareholders'/ Investors' Grievance Committee	Nil
c) Remuneration Committee	Nil
d) Committee of Directors	Nil
Shareholding in the Company as on 31.03.2014	Nil

Registered Office:
4 Mangoe Lane
Kolkata- 700 001.
Dated: 29th May, 2014

By Order of the Board
For **McNally Sayaji Engineering Limited**

Amit Pathak
D.G.M. – Finance and Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Directors' Report for the Financial Year ended 31st March, 2014.

FINANCIAL HIGHLIGHTS

The Financial Results of the Company for the year ended 31st March, 2014 are summarized below:

(Rupees in Lakhs)

	2013-14	2012-13
Revenue from operations	21,558	28,462
Other Income	1,867	519
Total Revenue	23,425	28,981
Finance Costs	2,546	2,282
Depreciation and amortization Expenses	1,502	1,223
Profit/ (Loss) Before Tax and Extraordinary items	(870)	168
Exceptional items	531	-
Profit before Tax	(339)	168
Tax Expenses	(455)	(350)
Profit after Tax	116	518
Surplus in Statement of Profit and Loss		
Balance as per last account	5,469	4,951
Add: Profit/(Loss) for the year	116	518
Balance as at the end of the year	5,585	5,469

DIVIDEND

Due to inadequacy of profits, your Directors do not recommend any dividend for the Financial Year ended 31st March, 2014.

OPERATIONS & BUSINESS PERFORMANCE

The Company could achieve a Sales turnover of Rs 216 crores as compared to Rs 285 crores in the previous year. The drop in the top line is primarily due to the fall in orders from the parent Company, which is our single largest customer. The shortfall in orders of Rs 69 crores from the parent Company could not be compensated by additional Direct orders primarily because of the dull business scenario in the Mineral, Mining and Power Sectors.

With depressed demand in the steel and iron ore sector, several on-going projects have been stalled or delayed. This has affected all EPC Companies as well as our parent company resulting sharp fall in off-take from our Company for equipment. Credit crunch faced by our clients across all sectors led to inventory and receivables built up, resulting in increased borrowings and thereby higher interest costs.

To cope up with such adverse situation, all our fixed expenses have been scrutinised and several steps have been taken in reducing overheads and expenses resulting in significant savings during the year. The Company also went in for restructuring of its assets and disposal of surplus unutilised asset at Vadodara resulted in some profits. As a result



of these stringent and timely measures, the Company managed to generate a profit of Rs 1.16 crore during the year under review, as compared to profit after tax of Rs 5.18 crores in FY 2012-13.

With poor sentiments in the iron ore, coal, steel, power and the aggregate sector, which contribute to 95% of the business of the Company, the demand for equipment manufactured by the Company has been low. However, by realigning our Sales Team the Company could manage to book orders of Rs 240 crores during the year. With this in Order Book, the prospect of the coming year looks better. The Company also achieved some success in penetrating the export market, bagging orders of Rs 25 crore, largely in the latter half of the year. Thrust will continue in the export market by redesigning our website and approaching overseas consultants.

The promises brought in by the new Government have rekindled hope for renewed growth in the Mineral, Mining and Infrastructure Sector. While large projects will take some time to roll in, the market is already witnessing a demand in equipment primarily for capacity augmentation or replacement of existing equipment. The last few months have been good from the order intake point of view and this trend is likely to continue.

The Company also intends to explore new businesses especially those required in the Infrastructure Sector which is expected to boom with the new Government's stated plans for building new highways, bridges and ports. The company is in serious talks with some of these asphalt and concrete batching plant manufacturers for a possible technology partnership. Along with this, the Company intends to further restructure its assets to make the organisation leaner and fitter, poised to join the leap the country is destined to take.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion & Analysis as required under the Listing Agreements with the Stock Exchanges is enclosed to this report. Certain statements in this section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

CORPORATE GOVERNANCE

Pursuant to revised clause 49 of the Listing Agreement with the Stock Exchange, separate section titled as "Corporate Governance" is attached to this Report.

LISTING OF EQUITY SHARES

The Company's shares continue to be listed on The Vadodara Stock Exchange Limited, the Ahmedabad Stock Exchange Limited and the Delhi Stock Exchange Association Limited. The Company is regular in paying Listing fees to each of the Stock Exchanges.

FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review. There were no unpaid deposits at the end of the year. Deposits amounting to Rs.37,294/- remained unclaimed at the end of the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the annual accounts for the Financial Year ended 31st March, 2014, the applicable accounting standards have been followed;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and of the profit or loss of the company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a 'going concern' basis.



PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure A to the Directors Report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, is given in the Annexure B hereto and form part to this report.

DIRECTORS

Mr. Prabir Kumar Ghosh, Director of the Company, and Mr. Heath Brian Zarin, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants,(L&L), will retire as auditor of the Company upon expiration of its current term of office at the close of the AGM, and being eligible for re-appointment, have been proposed for re-appointment upto 31st March 2019.

COST AUDITOR

M/s S.K.Sahu & Associates has been appointed as Cost Auditors for conducting the audit of cost records of the company for Financial Year 2013-14.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation of the support received from the Company's Bankers, Government Authorities, Valuable Customers, Vendors and Shareholders.

Your Directors also wish to place on record their deep sense of appreciation for the continued services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board

For **McNally Sayaji Engineering Limited**

Place : Kolkata
Date : 29th May, 2014

Subir Chaki
Whole time Director

Prabir Kumar Ghosh
Director



MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company operates in comminution and grading equipment manufacture for infrastructure sector comprising of mining and mineral and metal industries, power, road, port, etc. and runs four manufacturing units at Kumardhubi, Asansol, Vadodara and Bangalore.

The mineral and mining sector in the country has hit several road blocks with many projects being either shelved or delayed. The softening of coal and steel prices in the international market have further lowered sentiments. Meanwhile, the iron ore sector which witnessed a robust growth till two years back, has been stifled in land and environmental issues. The power sector too has been languishing due to long term contractual prices of power and cross subsidies. Inflationary pressures and continuous hardening of the dollar also have not helped the cause.

Significant period in the later half of the year was stung with in-action due to the ensuing elections in the country. The election of new government have come with enough hope and promises for the industry. However, the process of addressing fundamental challenges through concrete and sustained on-the-ground actions to repair damaged sentiments is likely to be extended. The worry of projects getting into financial trouble due to multiple risks including construction delays, plant stabilisation issues and fuel supply constraints in the power sector and traffic under-performance in the transportation sector, etc., have been acting as major concerns.

BUSINESS SCENARIO AND OUTLOOK

The Financial Year 2013-14 continued with overall depressed sentiments, with little progress on the issues facing the infrastructure sector. Although the Supreme Court ruling for mining issues has brought some air, the effects on the ground may only be felt in the second half the next financial year. The new government has brought cheer and hope in the business circles for fast reforms to see through the crisis, the effects may only be visible towards the end of the next financial year.

CHALLENGES

The slackness in demand and increasing competition has made cost cutting and product improvement the biggest challenge for the company. Bagging productive orders with extensive marketing efforts for optimal capacity utilization in the depressed economic scenario sounds like a night-mare. While inflation and high borrowing cost always saddle us with increasing production and overhead costs. Companies operating in this sector and particularly the equipment manufacturers are focusing on retaining their critical workforce and developing competencies to meet the next cycle of growth of Indian economy.

STRATEGIES

The Company has stepped up its research and development activities, not only to increase the cost effectiveness of its products, but also develop new range of products. The successes in these efforts have already started flowing in. The mobile and skid mounted range of crushers are gradually catching up its market. The Company is aggressively working on technological and joint venture tie ups so that it can optimize on capacity utilization. Long term supply contracts are also being worked out in this direction. The company is also exploring the increasing opportunities for exports by leveraging its lower cost of production. While cost cutting and enhancing efficiencies has been the mantra, the company has also been working towards reducing its high debts, which has been a major contributor to its costs, by disposal of excess un-productive assets. The company has taken a five pronged strategy as follows:

1. Continue to focus on in house R&D for improvement of its traditional bread winner products like slurry pumps, thickeners, jaw crushers and mills. Already fruits of these efforts are being witnessed and vindicated the strategy adopted by the company.
2. Look for strategic tie ups for acquiring know how in manufacturing crushing equipment of higher capacities and next generation products.



3. Invest in development of the mobile crushing and screening market by providing extensive training to both the technical and sales and services teams. This market had remained unexploited by the company but holds great potential.
4. Enter markets where traditionally the company has been weak by strengthening the marketing team with selective infusion of ground personnel from competition.
5. Restructure assets of the company by unlocking idle assets and thereby reducing the burden of loan, which is high compared to the size of the company.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Presently, the Company is operating in single segment, i.e. manufacturing of heavy engineering equipment. During the year the Company produced various heavy equipment valued Rs. Lakhs for the various infrastructure projects.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has an adequate internal control system and are routinely tested and certified by our statutory as well as internal auditors.

Moreover, your Company continuously upgrades these systems in line with best practices. The Company has already introduced latest ERP system in place of the existing one.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Reserves of the Company reached to Rs. 18,537 lakhs as at 31st March, 2014. The gross block of fixed assets was Rs. 28,292 lakhs. The Net profit stood at Rs. 116 lakhs as against net profit in the previous year of Rs. 518 lakhs.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

The industrial atmosphere at the works continued to be congenial and harmonious during the year. The Company has taken several welfare measures in the overall interest of its employees.

The Personnel Department of the company is suitably staffed to take care of its employees and motivate them. The management of your Company encourages its employees to attend continuing education seminars and workshops to enhance their quality and capabilities in the area they perform.

The industrial relation during the year has been cordial.

QUALITY

The Company is conferred ISO-9001 & 9001(2000) recognition. The Company is committed to produce quality products and services to enhance customer satisfaction through the effective application of our Quality Management System, including process for continual improvement.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. The actual results could differ materially from those expressed or implied due to several factors being attributed including Company's operations, international and domestic economic changes affecting demand/supply positions, finished goods prices, availability of raw material, Govt. policies, economic development within India and the overseas market within which the Company has business relations and various other incidental factors.

For McNally Sayaji Engineering Limited

Place : Kolkata
Date : 29th May, 2014

Subir Chaki
Whole time Director

Uttam Tekriwal
Chief Financial Officer



ANNEXURE A TO DIRECTORS REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on 31st March, 2014

Sl.	Name	Designation	Qualification	Age (Year)	DOJ	Experience	Gross Remuneration (Rs. in lacs)	Last Employment Held & Designation
1	Subir Chaki	Whole time Director	B.Sc Engg.(Mech.), ICWAI, PGCGM	53	1-Oct-11	27	96	Eveready Industries India Ltd., President
2	Sandip Choudhuri*	Senior Vice President	B.Sc Engg.(Mech.)	56	11-May-09	34	23	BilCare Ltd. Vice President
3	Nilanjan Roy	Senior Vice President	B.Sc Engg.(Mech.)	59	21-Nov-05	37	63	Hyderabad Industries Ltd., General Manager
4	Mohan Bhasker	Senior Vice President	B.E.(Mech). P G Dipl. (Intl.Mgt.)	50	3-May-93	27	62	Karthik Electricals, Business Manager

* Resigned with effect from 9th July 2013.

- 1 Gross Remuneration shown above is subject to tax and comprise salary, allowances, monetary value of perquisites as per Income Tax rules, Performance Incentive, Leave encashment, Company's Contribution to provident fund, pension fund and superannuation fund.
- 2 In addition to the above remuneration, employees are entitled to gratuity, etc. in accordance with the Company's rules.
- 3 The nature of employment is contractual basis in case of Mr. Subir Chaki .



ANNEXURE B TO THE DIRECTORS REPORT

INFORMATION UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

A. CONSERVATION OF ENERGY:

1. ENERGY CONSERVATION MEASURES TAKEN

Energy conservation measures taken in the past years and the consumption of energy are monitored on continual basis. Routine steps like strict control and monitoring of usage, good preventive maintenance of machines and equipments like DG Sets, AC units have resulted in optimal usage of electrical parts.

2. ADDITIONAL INVESTMENT AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY

Nothing substantial to report.

B. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D is carried out by the company:

- a) Continuous improvement of existing products for enhanced durability and performance.
- b) Development of Mobile and Semi Mobile Crushing and Screening Plant Equipment:
 - i. A 220 TPH - Two Stage Wheel Mounted plant for Iron ore has been successfully commissioned & running for a year.
 - ii. Design & development of a 200 TPH - Three Stage Wheel Mounted Plant has been manufactured, erected and commissioned for Aggregate Production.
 - iii. 2 nos. of Skid Mounted Coal Crushing Plants with improved design were commissioned during last financial year and running satisfactorily.
- c) Newly redesigned ST3042 & 2436 Jaw Crushers with reduced weight and cost of manufacturing are now in MSEL standard product range.
- d) Redesign of all MSEL Slurry Pumps to achieve High Performance features is continuing. Manufacturing drawings for commercial production of nine newly developed Centrifugal Slurry Pumps have been released.
- e) Continuing the development of Tank Cells for Flotation (Mineral Beneficiation applications).
- h) Continuing work on Development, Testing and adaptation of New Materials for components and wear parts of various equipment of MSEL product range.
- i) Development and Testing of Advanced Machining Centers in Asansol, Vadodara, and Bangalore Works of MSEL.
- j) Environment compliance by products and processes.
- k) Testing and validation of new products.

2. Benefits derived as a result of the above R&D

Customers' satisfaction and new business opportunities are seen as rewards for our continuous efforts in the R&D field. We expect to increase sales due to product improvements and introduction of new products, reduction in cost due to process improvements and cycle time reduction.

3. Future Plan of Action:

- a) Development of new range of Vertical Slurry Pumps with Improved Performance (various sizes).
- b) Development of standardized version of pump frames based on pump power to minimize overall cost of the pumps.



- c) Design of new range of Crushers, Vibrating Screens, and other equipment.
- d) Design and Prototype Development of Specialized Machining Centers for our Works at various locations.
- e) Development of new range of Mobile Crushing & Screening Plant (both wheel and Track mounted) of various capacities and different applications.
- g) New Designs of skid Mounted Coal Crushing plant for higher capacity.

4. Expenditure on R&D:

In pursuit of R&D endeavors, the company is also continually incurring expenditure both under Capital and Revenue heads which has not been separately reflected but is shown as part of regular heads of accounts in Fixed Assets and in Statement of Profit and Loss.

	<i>Rs in Lakhs</i>	
	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
a) Capital	20	21
b) Recurring	197	205
c) Total R & D Expenditure	217	226
d) Total R & D Expenditure as a percentage of total turnover	1.01%	0.79 %

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Process/equipment developed by our R & D are being continuously absorbed and adopted on a commercial scale.
2. As a result of above efforts the company has been able to add new equipment, widened its range of products and made its equipment more efficient, cost effective and competitive.

D. FOREIGN EXCHANGE EARNED AND USED

	<i>Rs in Lakhs</i>	
	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
1. Foreign Exchange Earned	808	750
2. CIF Value of Import	580	299
3. Expenditure in Foreign Currency		
– Remittance of Dividend	–	–
– Travelling & Royalty	21	13



CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, the Company has been incorporating for the last few years a separate section on Corporate Governance in its Annual Report. The Shareholders and Investors of the Company would have found the information informative and useful.

Company’s policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended March 31, 2014 are given hereunder divided into the following areas :-

I. Company’s Philosophy

The Company continues to commit itself to maintaining the highest standards of integrity, transparency and accountability in all facets of its operations and to create Shareholders’ value on a sustainable basis. The Company believes that good Corporate Governance, with transparency and independence as its key ingredients, provides a market oriented framework for the running of Companies. It can ensure a proper balance between management, board and shareholders, adequate level of transparency, appropriate compensation schemes and the prevention of conflict of interests.

II. Board of Director

(a) Composition of the Board

The Board of Director comprises of eight directors at the end of the Financial Year, consisting of seven non executive directors who account for more than eighty seven percent of the Board’s strength as against minimum requirement of fifty percent as per the listing agreement. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance, law and public enterprises.

The composition of the Board is as under:

Name of Director(s)	Category of Director(s)	No. of other Directorship held #		No. of other Board Committee (s) of which he/she is a \$		No of shares held in the Company as at 31.03.2014
		Public	Private	Member	Chairperson	
Mr. Deepak Khaitan – Chairman	Promoter - Non-Executive	8	1	1	–	–
Mr. Subir Chaki	Professional - Executive	1	–	–	–	–
Mr. Subir Rajan Dasgupta	Independent - Non-Executive	3	7	3	1	–
Mr. Prabir Kumar Ghosh	Independent - Non-Executive	2	–	1	–	300
Mr. Prasanta Kumar Chandra	Independent -Non-Executive	2	2	1	–	–
Mr. Padam Kumar Khaitan	Independent -Non-Executive	10	5	2	1	–
Mr. Sanjay S. Patel	Independent -Non-Executive	–	1	–	–	–
Mr. Heath Brian Zarin	Independent -Non-Executive	–	–	–	–	–

excluding Directorships held in Foreign Companies, alternate directorship and Companies registered under Section 25 of the Companies Act, 1956.

\$ Only Chairmanship and Membership related to Audit Committee and Shareholders/ Investors Grievance Committee are considered for this purpose. Chairmanship and Membership of the Alternate Directorship is not considered here.



None of the Director is related to each other in terms of provisions of the Companies Act, 1956.

All the directors who are on various Committees are within the permissible limits of the listing agreement. The Directors have intimated from time to time their membership in the various Committees in other Companies.

(b) Details of Remuneration paid to Non - Executive Directors:

Name of the Director	Sitting Fees Paid during the year (in Rs.)
Mr. Deepak Khaitan	30,000
Mr. Subir Ranjan Dasgupta	180,000
Mr. Prabir Kumar Ghosh	120,000
Mr. Prasanta Kumar Chandra	60,000
Mr. Padam Kumar Khaitan	100,000
Mr. Sanjay S. Patel	-
Mr. Heath Brian Zarin	30,000
Total	520,000

* Sitting Fees for attending Board Meeting, Audit Committee meeting, Remuneration Committee & Shareholders'/Investors Grievance Committee meeting is Rs 20,000/- each till the meetings held on 14th August 2013 and reduced thereafter to Rs 10,000/- each for attending Board Meeting, Audit Committee meeting, Remuneration Committee & Shareholders'/Investors Grievance Committee meeting.

(c) Details of Remuneration paid/payable to Whole time Director:

Rs in Lakhs

Particulars	Mr Subir Chaki
Salary	85
Performance Incentive	-
Contribution to Provident Fund and other Fund	5
Perquisites & Allowances	6
Total	96

- (i) Service Contract with Mr. Subir Chaki, Whole time Director was entered for three years w.e.f. 9th January, 2012. Notice period as per service contract is minimum 3 months. The Whole time Director is entitled to Basic Salary, Perquisites & Allowances, Rent free accommodation, Performance Incentive etc.
- (ii) The Whole time Director is entitled to Performance Incentive, depending upon the performance of the company and his personal performance assessed as per company policy shall not exceed upto a maximum of six months' basic salary, payable annually, for each Financial Year, as may be determined by the Board of Directors.
- (iii) The resolution appointing the Whole time Director do not provide for payment of severance fees.
- (iv) None of the Non-Executive Directors receives any remuneration apart from the sitting fees for meetings attended by them.

(d) Board Meetings and attendance of Directors:

- (i) The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the board meetings and the same were dealt with appropriately.



- (ii) Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:-
28th May, 2013, 14th August, 2013, 11th November, 2013, and 11th February, 2014.
- (iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on 31st March, 2014 and of the last Annual General Meeting is as under:

Directors	Number of Board Meetings Attended	Attendance at the last AGM
Mr. Deepak Khaitan	2	No
Mr. Subir Chaki	4	No
Mr. Subir Ranjan Dasgupta	4	No
Mr. Prabir Kumar Ghosh	4	Yes
Mr. Prasanta Kumar Chandra	4	Yes
Mr. Padam Kumar Khaitan	3	No
Mr. Sanjay S. Patel	0	No
Mr. Heath Brian Zarin	2	No

(e) Code of Conduct:

The Code of Conduct of the Company as adopted by the Board of Directors is applicable to all Directors and senior management of the Company.

The Code of Conduct for prevention of Insider Trading in the shares and securities of the Company, inter alia, prohibits purchase/sale of shares of the Company by Directors/ employees while in possession of unpublished price sensitive information in relation to the Company.

III. Audit Committee:

- (a) The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956. Brief descriptions of the terms of reference of the Audit Committee are as follows:
- Oversight of the Company's Financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees, and also approval for payment of any other services rendered by the statutory auditors.
 - Discussion with the statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing, with the management, performance of statutory and internal auditors, and adequacy of internal control systems.
 - Reviewing, with the management, the quarterly financial results before submission to the Board for approval.
 - Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same;



- Major accounting entries involving estimates based on exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report.

(vii) Reviewing the adequacy of internal audit function.

(viii) Discussion with internal auditors of any significant findings and follow-up thereon.

(ix) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(x) Looking into the reasons for substantial defaults in payments to the shareholders and creditors.

(xi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(b) Composition:

The Audit Committee was reconstituted by the Board of Directors. Member of the Audit Committee are as under:

Mr. Subir Ranjan Dasgupta – Chairman

Mr. Prabir Kumar Ghosh

Mr. Sanjay S. Patel

All the members of the Audit Committee are Non-Executive Independent Directors. Mr. Subir Ranjan Dasgupta, a Non-Executive Independent Director, having adequate financial and accounting qualification and expertise, is a Chairman of the Audit Committee. The other Members of the Committee are also financially literate. Mr. Amit Pathak, D.G.M. (Finance) & Company Secretary of the Company acts as the Secretary to the Committee.

Four Meetings of the Audit Committee were held during the Financial Year ended 31st March, 2014. The dates on which the Audit Committee Meetings were held are as follows:-

28th May, 2013, 14th August, 2013, 11th November, 2013, and 11th February, 2014.

The attendance of each Audit Committee member is as under:

Name of the Audit Committee Member	Category	Number of Meetings Attended
Mr. Subir Ranjan Dasgupta	Independent - Non-Executive	4
Mr. Prabir Kumar Ghosh	Independent - Non-Executive	4
Mr. Sanjay S. Patel	Independent - Non-Executive	0

(c) At the invitation of the Company, representatives from the various divisions of the Company, Internal Auditors, Statutory Auditors and Chief Financial Officer also attend the Audit Committee Meetings to respond to queries raised at the Committee Meetings.

(d) The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956.

IV. Remuneration Committee

Brief description of terms of reference:

The broad terms of reference of the Remuneration Committee are as follows:

(a) To approve/recommend to the Board of Directors the remuneration package of the Whole time Director and also to recommend remuneration payable to the Non Executive Directors.



(b) To approve, in the event of loss or inadequacy of profit, in any year, the minimum remuneration payable to the Whole time Director within the limits and subject to the parameters prescribed in schedule XIII to the Companies Act, 1956.

(c) **Composition:**

The Remuneration Committee was reconstituted by the Board of Directors. Members of the Remuneration Committee consists of three Non-Executive Independent Directors are as under:

Mr. Subir Ranjan Dasgupta - Chairman

Mr. Padam Kumar Khaitan

Mr. Sanjay S. Patel

Broad terms of reference of the Remuneration Committee include recommendation to Board of Directors of the salary, perquisites and allowances, performance incentives and retirement benefits payable to the Company's Directors and senior executives.

V. Remuneration Policy

Remuneration of employees largely consists of basic remuneration, perquisites and allowances and performance incentives.

The component of the total remuneration varies for different grades and is governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him and his individual performance.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in organization and reward merit.

VI. Shareholders'/Investors Grievance Committee

The Shareholders'/Investors Grievance Committee was reconstituted by the Board of Directors. Member of the Shareholders'/Investors Grievance Committee are as under:

Mr. Subir Ranjan Dasgupta – Chairman

Mr. Subir Chaki

Mr. Padam Kumar Khaitan

Four Meetings of the Shareholders'/Investors Grievance Committee were held during the Financial Year ended 31st March, 2014. The dates on which the Shareholders'/Investors Grievance Committee Meetings were held are as follows:-

28th May, 2013, 14th August, 2013, 11th November, 2013, and 11th February, 2014.

The attendance of each Shareholders/ Investors Grievance Committee meetings are as under:

Name of the Shareholders'/ Investors Grievance Committee Member	Category	Number of Meetings Attended
Mr. Subir Ranjan Dasgupta	Independent -Non-Executive	4
Mr. Subir Chaki	Professional - Executive	4
Mr. Padam Kumar Khaitan	Independent - Non-Executive	3

All investor complaints, which cannot be settled at the level of the Registrar – Maheshwari Datamatics Private Limited and Mr Amit Pathak, D.G.M (Finance) & Company Secretary, the Compliance Officer, will be forwarded to the Shareholders/ Investors' Grievance Committee for final settlement.



The following table shows the number of complaints received from shareholders during Financial Year 2013-14

Nature of Complaints	Pending as on 01.04.2013	Received during the year	Replied/ Resolved during the year	Pending as on 31.03.2014
Non receipt of Dividend Warrant	–	–	–	–
Non receipt of Share Certificate	–	–	–	–
Non receipt of Annual Reports	–	–	–	–
Total	–	–	–	–

Investor Complaints are generally redressed within thirty days from the lodgment.

The Company confirms that there were no share transfers lying pending as on 31st March 2014, and all requests for dematerialization and re- materialization of shares as on that date were confirmed/ rejected into the NSDL/ CDSL System.

Compliance Officer

Mr. Amit Pathak
D.G.M. (Finance) & Company Secretary
McNally Sayaji Engineering Limited
4 Mangoe Lane, Kolkata – 700 001

VII. Share Transfer Committee:

The Board has authorized its Registrar and Transfer agent M/s Maheshwari Datamatics Pvt. Limited, to process and approve request received from investors for Transfer, Transmission, deletion of name, issue of duplicate share certificate etc. The Shareholders/Investors Grievance Committee and Company Secretary oversees the activities of Registrar and Transfer Agent.

VIII. Subsidiary Companies:

The Company does not have any subsidiary company, but it has a holding company viz. McNally Bharat Engineering Company Limited.

IX. Disclosures:

- All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on arm's length basis.
- The Company has complied with all the requirements of the listing agreements with the Stock Exchange as well as regulations and guidelines of SEBI. No penalty have been imposed or strictures have been issued by SEBI, Stock Exchanges or any statutory authority on matters related capital markets during the last three years.
- All accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- Risk assessment and its minimization procedures have been laid down by the Company and the same have been informed to board members. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
- Management Discussion and Analysis forms part of the Annual Report to the Shareholders and it includes discussions on matters as required under the provisions of clause 49 of the listing agreement with stock exchange.



- (f) There were no material financial and commercial transactions by Senior Management as defined in clause 49 of the listing agreement where they have personal interest that may have a potential conflict with the interest of the Company at large requiring disclosure by them to the Board of Directors of the Company.

X. Compliance with of Non- Mandatory Requirements

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

(a) The Board

No separate office is maintained for non- Executive Chairman and therefore during the year under review, no expenses were incurred in connection therewith. No specific tenure has been specified for the Independent Director.

(b) Remuneration Committee:

Details are given under the heading “Remuneration Committee”.

(c) Shareholders Rights:

Half- yearly declaration of financial performance including summary of the significant events in last six months are presently not being sent to the Shareholders of the Company.

(d) Audit Qualification:

During the year under review, there was no audit qualification in the Company’s Financial Statement. The Company is maintaining best practices to ensure a regime of unqualified financial statement.

(e) Training of Board Members:

The Directors interact with the management freely on information required by them. The Independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company’s shareholders.

(f) Mechanism for evaluating Non- Executive Board Members:

There is no mechanism for evaluating Non-Executive Board Members at present.

(g) Whistle Blower Policy:

No Whistle Blower Policy was present during the financial year ended March 31, 2014, even though employees aware of any alleged wrongful conduct were encouraged to make disclosure to the audit committee. A Vigil Mechanism has been formed by the Board at their meeting held on May 29, 2014, as per the provisions of Section 177 (9) read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Mechanism has been formed for the Company’s Directors and Employees, and is overseen by the Audit Committee of the Board.

XI. Compliance Certificate

Compliance Certificate for Corporate Governance of the Company is given as Annexure to this report.

XII. General Body Meetings

- (a) The details of Annual General Meetings held in last three years as under:

Annual General Meetings

AGM	Day	Date	Time	Venue
67th	Saturday	24th September, 2011	12.30 P.M.	3rd Floor, Campus-2B, ECOSPACE Premises No. 11F / 12, (Plot No. AAIL / Block-3), New Town, Rajarhat, Kolkata-700156
68th	Thursday	27th September, 2012	12.30 P.M.	7th Floor, Campus-2B, ECOSPACE, Premises No. 11F / 12, (Plot No. AAIL / Block-3) New Town, Rajarhat, Kolkata-700156
69th	Thursday	26th September, 2013	03.30 P.M.	7th Floor, Campus-2B, ECOSPACE Premises No. 11F / 12, (Plot No. AAIL / Block-3) New Town, Rajarhat, Kolkata-700156



(b) Whether any Special resolutions passed in the previous 3 AGMs/EGMs.

Yes, details of which are given hereunder:

Date	Matter
24th September, 2011	Re appointment of Mr. Shambhu Prasad as Managing Director of the Company.
27th September, 2012	Appointment of Mr. Subir Chaki as Whole Time Director of the Company.

XIII. Means of Communications

(a)	Quarterly results in which newspaper normally published in	Financial Express, Dainik Statesman
(b)	Half Yearly report sent to each shareholder	No
(c)	Any web site, where displayed	www.mcnallysayaji.com
(d)	Whether it also displays official news releases and presentations made to institutional investors/ analysts	General information on the Company, official news releases and presentations to analysts and institutional investors are also posted on the Company's website.

XIV. General Shareholder Information

(a) As required under Clause 49 (IV) of the Listing Agreement, details of Directors seeking appointment or reappointment at the forthcoming Annual General Meeting are given hereunder:

Particulars	Seeking reappointment	Seeking reappointment
Name of Director	Mr. Prabir Kumar Ghosh	Mr. Heath Brian Zarin
Date of birth	4th June, 1959	4th December, 1975
Date of Appointment	13th February, 2012	7th September, 2009
Shareholding in the Company as on 31.03.2014	300	Nil
Brief Resume and Experience in specific functional Area	Given in the Notice of AGM	Given in the Notice of AGM
List of other Directorships held	-do-	-do-
Chairman/Member of the Committee of the Board off Directors of the Companies in which he is a Director	-do-	-do-

(b) 70th Annual General Meeting to be held:

Day, Date, Time and Venue

Day	Tuesday
Date	29th July, 2014
Time	3.30 P.M.
Venue	7th Floor, Campus 2B, Ecospace, Premises No 11F/12 (Plot No AAI/Block - 3), New Town, Rajarhat, Kolkata - 700 156 West Bengal



(c)

Financial Year	1st April to 31st March
First Quarterly Results	Before 15th August, 2014
Second Quarterly Results	Before 15th November, 2014
Third Quarterly Results	Before 15th February, 2015
Audited yearly Results for the year ended 31st March 2015	Before 31st May, 2015

(d) Period of Book Closure :

The Share Transfer Books and Register of Members of the Company will remain closed from 18th July, 2014 to 28th July, 2014 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

(e) Listing on Stock Exchanges:

The Company's Shares are listed at the following Stock Exchanges and Annual Listing Fees for the Financial Year 2014-15 have been paid to all these Stock Exchanges.

Name of Stock Exchange

1. The Vadodara Stock Exchange Limited.
2. The Ahmedabad Stock Exchange Limited.
3. The Delhi Stock Exchange Limited.

International Securities Identification Number (ISIN) for the Company's shares in dematerialized form :
INE105E01011

(f) Market Price Data:

The trading in company's shares at all these Stock Exchanges was NIL during the Financial Year 2013-2014 and, hence, no share price data is provided. However the shares of the company were issued on preferential basis at a price of Rs.186 per share in Financial Year 2009-10.

(g) Share Transfer Agents:

The Company has engaged the services of M/s. Maheshwari Datamatics Pvt. Limited, 6 Mangoe Lane, Kolkata – 700 001, a SEBI registered Registrar, as their Registrar and Share Transfer Agent for processing transfers, sub-division, consolidation, splitting of securities, etc., for both physical as well as Demat form. To facilitate multi-depository transfers and holdings, your Company has made arrangement for dematerialisation of its shares with the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Any query relating to dematerialization may be addressed to M/s. Maheshwari Datamatics Pvt. Limited, 6 Mangoe Lane, Kolkata – 700 001.

(h) Share Transfer System:

Company's Shares can be converted into Demat mode. Therefore investors/ Shareholders are requested to kindly note that physical documents, viz. Demat request (DRF) and Share Certificates etc., should be sent by their Depository Participants (DP's) directly to the Share Transfer Agent . Any delay on the part of the DP's to send the DRF and the share certificates beyond 15 days from the date of generation of the DRF by the DP will be rejected/cancelled. This is being done to ensure that no Demat requests remain pending with the Share Transfer Agent beyond a period of 30 days. Investor/Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to Share Transfer Agents after generating the DRF.

The Address of Registrar and Share Transfer Agent is as under:

Contact Person: Mr. S. Rajagopal - Vice President
M/s. Maheshwari Datamatics Pvt. Limited
6, Mangoe Lane, 2nd Floor, Kolkata -700001
Telephone: (033) 22435029 / 5809, 22482248, Fax No.(033) 22484787
Email: mdpl@cal.vsnl.net.in



(i) **Distribution of Shareholding as on 31st March, 2014**

Sl. No.	No. of Equity Shares held	No. of Shareholders	% of total shareholders	No. of Shares held	% of total Shares
1	01 to 500	938	86.69	240,354	2.67
2	501 to 1000	83	7.67	75,400	0.84
3	1001 to 2000	24	2.22	37,550	0.42
4	2001 to 3000	8	0.74	19,771	0.22
5	3001 to 4000	7	0.65	25,700	0.29
6	4001 to 5000	5	0.46	24,300	0.27
7	5001 to 10000	5	0.46	33,100	0.37
8	10001 and above	12	1.11	8,533,098	94.93
Total		1082	100.00	8,989,273	100.00

(j) **Shareholding Pattern as on 31st March, 2014**

Sl. No.	Category	No. of Holders	No. of Shares	% of holding
1	Promoters	4	6,729,698	74.86
2	Mutual Funds	–	–	–
3	Financial Institutions	–	–	–
4	Bank	–	–	–
5	Insurance Companies	–	–	–
6	Foreign Institutional Investors	1	1,340,000	14.91
7	Domestic Companies	13	452,171	5.03
8	Foreign Companies	–	–	–
9	Resident Indian	1,056	412,104	4.58
10	Non Resident Indian	7	55,000	0.61
11	Directors and Relatives	1	300	0.00
Total		1,082	8,989,273	100.00

(k) **Dematerialization of Shares:**

As on 31st March 2014, 87,19,573 Shares of the Company's total shares representing 97.00% shares were held in dematerialized form and the balance 3.00 % representing 2,69,700 shares were in physical form. The entire Promoters Holding being 67,29,698 shares representing 74.86 % of Capital of the Company has been held in Demat Form.

(l) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments:**

There is no outstanding GDRs/ADRs/ Warrants or any convertible instruments at the end of the current Financial Year.



(m) Company's Factories are located at following places:

- (i) Vadodara, in the state of Gujarat
- (ii) Kumardhubi, in the state of Jharkhand
- (iii) Asansol, in the state of West Bengal
- (iv) Bangalore, in the state of Karnataka

(n) Address for Correspondence:

Company registered office is situated at 4, Mangoe Lane, 7th floor, Kolkata -700001

Shareholders Correspondence should be addressed to :

- (i) Mr Amit Pathak – D.G.M. (Finance) & Company Secretary
McNally Sayaji Engineering Limited
4, Mangoe Lane, 7th floor, Kolkata -700001
Telephone: (033) 30142280/66282280, Fax No.(033) 30142393
Email: amit.pathak@mbeci.co.in
- (ii) Registrar and Share Transfer Agent
Mr. S. Rajagopal - Vice President
M/s. Maheshwari Datamatics Pvt. Limited
6, Mangoe Lane, 2nd Floor
Kolkata -700001
Telephone: (033) 22435029 / 5809, 22482248, Fax No.(033) 22484787
Email: mdpl@cal.vsnl.net.in

XV. Declaration by the CEO under Clause 49 of the listing agreement regarding adherence to the Code of conduct.

In accordance with Clause 49 sub- clause 1 (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended 31st March, 2014.

Place : Kolkata
Date : 29th May, 2014

For McNally Sayaji Engineering Limited

Subir Chaki
Whole time Director



CORPORATE GOVERNANCE CERTIFICATE

To,
The Members of **McNally Sayaji Engineering Limited**
KOLKATA

We have examined the compliance of the conditions of Corporate Governance by **MCNALLY SAYAJI ENGINEERING LIMITED** (Company), 4, Mangoe Lane, Kolkata – 700 001, for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of the review and the information and explanation given to us by the Company during the course of such review.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the above Company has in all respect complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the effectiveness with the management has conducted the affairs of the Company.

For **J. PATNAIK & ASSOCIATES**
Company Secretaries

J. Patnaik
C.P. No. 3102
M.No. : 5045

Place: Kolkata
Date : 29th May, 2014



To
The Board of Directors
McNally Sayaji Engineering Limited

CEO/CFO CERTIFICATION

Mr. Subir Chaki, Whole time Director (CEO) of the Company and Mr. Uttam Tekriwal, Chief Financial Officer of the Company (CFO) have certified to the Board that;

- (a) They have reviewed financial statement and the cash flow statement for the period ended 31st March, 2014 and to the best of their knowledge and belief.
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements and that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and one in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions, entered into by the Company during the period which is fraudulent, illegal or volatile of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company pertaining to the financial reporting and they have disclosed to the auditors and the audit committee deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or proposed to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting for the period under review.
 - ii) Significant changes in accounting policies for the period under review and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For McNally Sayaji Engineering Limited

Place : Kolkata
Date : 29th May, 2014

Subir Chaki
Whole time Director

Uttam Tekriwal
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

To the Members of McNally Sayaji Engineering Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of McNally Sayaji Engineering Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014,
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



8. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kumar Sarkar
Partner

Membership Number 52340

Place : Kolkata
Date : 29th May, 2014



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (b),(c) and (d) / (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident



fund, employee state insurance, sales tax, income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of sales tax and excise duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows :

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act 1944	Excise Duty	670,221	1990-91	CESTAT, Kolkata
Central Excise Act 1944	Excise Duty	355,691	1992-93	Deputy Commissioner, Dhanbad
Central Excise Act 1944	Excise Duty	674,059	1993-94	Deputy Commissioner, Dhanbad
Central Excise Act 1944	Excise Duty	1,879,868	1994-95	Deputy Commissioner, Dhanbad
Central Excise Act 1944	Excise Duty	2,118,741	1994-95 & 95-96	Deputy Commissioner, Dhanbad
Central Excise Act 1944	Excise Duty	2,831,749	1996-97	Assistant Commissioner, Dhanbad
Bihar Finance Act 1981	Sales Tax	644,052	1991-92	Deputy Commissioner of Commercial Taxes, Chirkunda
Bihar Finance Act 1981	Sales Tax	547,379	1992-93	Deputy Commissioner of Commercial Taxes, Chirkunda
Bihar Finance Act 1981	Sales Tax	833,735	2004-05	Deputy Commissioner of Commercial Taxes, Chirkunda
Central Sales Tax 1956	Sales Tax	25,602,777	2006-07	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	6,483,617	2007-08	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	153,839,980	2008-09	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	16,367,874	2009-10	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	8,105,334	2010-11	Commissioner of Commercial Taxes, Ranchi

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.



- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kumar Sarkar
Partner
Membership Number 52340

Place : Kolkata
Date : 29th May, 2014



BALANCE SHEET AS AT 31st MARCH, 2014

	Note No.	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	899	899
Reserves and Surplus	3	18,537	18,421
		19,436	19,320
Non-current liabilities			
Long term borrowings	4	7,218	9,768
Deferred Tax Liabilities (net)	5	–	530
Other Long term liabilities	6	1	9
Long term Provisions	7	325	340
		7,544	10,647
Current liabilities			
Short term borrowings	8	12,631	9,171
Trade Payables	9	6,767	7,473
Other Current liabilities	10	4,975	4,797
Short term Provisions	11	186	196
		24,559	21,637
	TOTAL	51,539	51,604
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	12	20,391	19,970
Intangible assets	12	359	706
Capital work-in-progress	13	33	124
Non-current investments	14	*	*
(* Amount is below the rounding off norms adopted by the Company.)			
Long-term loans and advances	15	139	182
Other non-current assets	16	237	1,134
		21,159	22,116
Current Assets			
Inventories	17	13,041	11,004
Trade receivables	18	15,203	14,358
Cash and Bank Balances	19	144	501
Short-term loans and advances	20	1,986	2,636
Other current assets	21	6	989
		30,380	29,488
	TOTAL	51,539	51,604

The Notes are an integral part of these Financial Statements

This is the Balance Sheet referred to in our Report of even date.

For **Lovelock & Lewes**

Firm Registration Number : 301056E

Chartered Accountants

Prabal Kumar Sarkar

Partner

Membership Number 52340

Place : Kolkata

Date : 29th May, 2014

For and on behalf of Board of Directors

Subir Chaki

- *Whoe time Director*

Prabir Kumar Ghosh

- *Director*

Uttam Tekriwal

- *Chief Financial Officer*

Amit Pathak

- *Company Secretary*



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

	Note No.	For the year ended 31st March, 2014 Rs. In Lakhs	For the year ended 31st March, 2013 Rs. In Lakhs
INCOME			
Revenue from operations (Gross)	22	23,844	31,968
Less : Excise Duty		2,286	3,506
Revenue from operations (Net)		21,558	28,462
Other income	23	1,867	519
Total Revenue		23,425	28,981
EXPENSES			
Cost of materials consumed	24	11,549	14,014
Changes in inventories of finished goods and work-in-progress	25	(2,415)	(678)
Employee benefits expense	26	3,379	3,600
Finance costs	28	2,546	2,282
Depreciation and amortization expense	29	1,502	1,223
Other expenses	30	7,734	8,372
Total Expenses		24,295	28,813
Profit/(Loss) before exceptional items and tax		(870)	168
Exceptional items	31	531	-
Profit before tax		(339)	168
Tax expense:			
Current tax		75	50
Deferred tax - (credit)		(530)	(400)
Total tax		(455)	(350)
Profit for the year		116	518
Earnings per equity share (Face Value of Rs 10/- each):			
Basic and Diluted	39	1.29	5.77

The Notes are an integral part of these Financial Statements

This is the Statement of Profit and Loss referred to in our Report of even date.

For **Lovelock & Lewes**
Firm Registration Number : 301056E
Chartered Accountants

Prabal Kumar Sarkar
Partner
Membership Number 52340
Place : Kolkata
Date : 29th May, 2014

For and on behalf of Board of Directors

Subir Chaki - Whoe time Director
Prabir Kumar Ghosh - Director
Uttam Tekriwal - Chief Financial Officer
Amit Pathak - Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	For the year ended 31st March, 2014 (Rs. in Lakhs)		For the year ended 31st March, 2013 (Rs. in Lakhs)	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit/(Loss) before taxation and exceptional items		(870)		168
Adjustments for:				
Depreciation/Amortisation on tangible assets	1,131		854	
Amortisation on intangible assets	371		369	
Finance Cost	2,209		2,102	
Other Borrowing Costs	337		180	
Interest Income	(70)		(36)	
Loss/(Profit) on Sale of Fixed Assets (Net)	2		(164)	
Bad Debts written off	–		4	
Provision for bad and doubtful trade receivables	88		65	
Provision for Warranty	24		23	
Liabilities no longer required written back	(190)		(183)	
Provision no longer required written back	(32)		(48)	
Provision for Mark to Market Loss on Derivatives	(81)		144	
Unrealised Loss on foreign currency transactions/ translation (net)	3	3,792	2	3,312
Operating Profit Before Working Capital Changes		2,922		3,480
Adjustments for:				
Trade and Other Receivables	911		(3,611)	
Inventories	(2,037)		(993)	
Trade & Other Payables	(602)	(1,728)	(143)	(4,747)
Cash Generated from / (Used in) Operating Activities		1,194		(1,267)
Direct Taxes paid (Net)		(47)		(59)
Cash flow before exceptional items		1,147		(1,326)
Exceptional items				
– relating to sale of land at Vadodara		531		–
Net Cash from / (Used in) Operating Activities		1,678		(1,326)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(497)		(1,214)	
Sale of Tangible Assets	789		2,652	
Interest Received	95	387	12	1,450
Net Cash from Investing Activities		387		1,450



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	For the year ended 31st March, 2014 (Rs. in Lakhs)	For the year ended 31st March, 2013 (Rs. in Lakhs)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	(2,340)	(2,574)
Other Borrowing Costs Paid	(337)	(180)
Proceeds from Long Term Borrowings	–	3,225
Repayment of Long Term Borrowings	(2,959)	(1,055)
Proceeds from Short Term Borrowings	875	2,750
Repayment of Short Term Borrowings	(2,750)	(450)
Net increase/(decrease) in Cash Credit Facilities including WCDL	5,335	(1,988)
Dividend paid [including tax Rs. Nil (2012-13 Rs. Nil)]	(2)	(3)
	<u>(2,178)</u>	<u>(275)</u>
Net Cash from Financing Activities	(2,178)	(275)
Net Decrease in Cash and Cash Equivalents	(113)	(151)
Cash and Cash Equivalents (Opening Balance)	251	402
Cash and Cash Equivalents (Closing Balance)	138	251
1. Cash and Cash Equivalents comprise of:		
Cash on hand	10	9
Bank Deposit ^	1	–
Balances with Banks #	127	242
	<u>138</u>	<u>251</u>

^ Bank Deposit under lien.

Includes the following balances which are not available for use by the Company

Unpaid Dividend Account	8	10
-------------------------	---	----

2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.

3. Previous year's figures have been rearranged and/or regrouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

For **Lovelock & Lewes**
Firm Registration Number : 301056E
Chartered Accountants

Prabal Kumar Sarkar
Partner
Membership Number 52340
Place : Kolkata
Date : 29th May, 2014

For and on behalf of Board of Directors

Subir Chaki	-	Whoe time Director
Prabir Kumar Ghosh	-	Director
Uttam Tekriwal	-	Chief Financial Officer
Amit Pathak	-	Company Secretary



Notes to the financial statements for the year ended 31st March, 2014 Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

i. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis . Pursuant to circular 15/2013 dated 13th September, 2013 read with circular 08/2014 dated 4th April, 2014, till the Standards of Accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply, in all material aspects, with the accounting standards notified under section 211 (3C) [Companies (Accounting Standards) Rules, 2006 as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

ii. USE OF ESTIMATES

The preparation of the Financial Statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumption used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

iii. FIXED ASSETS

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation/ amortization, impairment loss, if any and inclusive of borrowing cost, where applicable, and adjustments for exchange difference referred to in Note 1(ix) below. Cost includes inward freight, non refundable duties/ taxes and incidental expenses directly related to acquisition/ installation. Technical know-how, designs and drawing and computer software are capitalized where it is expected to provide future enduring economic benefits. Such capitalization costs include license fees/cost of implementation/system integration services, as applicable.

iv. IMPAIRMENT

The carrying amount of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount (i.e., higher of net selling price and value in use).

v. BORROWING COST

Borrowing costs attributable to acquisition/construction of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

vi. DEPRECIATION AND AMORTIZATION

- Depreciation is provided on assets acquired up to 31st March, 1989 on written down value method and assets acquired on or after 1st April, 1989 on straight line method at the rates prescribed in schedule XIV of the Companies Act, 1956 or based on the remaining residual life whichever is higher.
- The rates of depreciation where different from Schedule XIV are as follows:

Particulars	Rate
Certain items of Factory Building	5% - 10%, 20%
Certain items of Non-factory Building	4.17% - 10%
Certain items of Plant & Machinery	5% - 20%



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

Freehold Land and Leasehold Land (perpetual lease) are not depreciated. Other leasehold land are amortized over the period of lease.

- Intangible Assets include technical know-how which are amortized over a period of five years and designs and drawing are amortized over a period of seven years under straight line method. Computer software are amortized on a straight line basis over a period of two to five years depending upon its useful life.

vii. INVESTMENTS

Long Term Investments are valued at cost less provision for diminution (other than temporary) in the carrying amount thereof as determined by the Board of Directors based on periodical review.

viii. INVENTORIES

Inventories are valued at cost and net realizable value whichever is lower.

Cost is determined on weighted average basis. Cost includes expenditure incurred in the normal course of business in bringing inventories to their location and condition, labour and overhead, where applicable.

Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

ix. FOREIGN CURRENCY TRANSACTIONS AS APPLICABLE UNDER ACCOUNTING STANDARD 11 “THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES”

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/ losses (other than relating to reporting of long-term foreign currency monetary items) arising out of settlement of foreign currency transaction or from year end restatement are recognized in the Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating to acquisition of depreciable capital assets are adjusted to the carrying amount of such assets (to be adjusted over the balance life of the related asset) and (ii) in other cases accumulated in a ‘Foreign Currency Monetary item Translation Difference Account’ (to be adjusted over the balance period of the related long term monetary asset/ liability).

x. DERIVATIVE INSTRUMENTS

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard -11 on “The Effects of Changes in Foreign Exchange Rates”), gains/losses on settlement and mark to market loss relating to outstanding contracts as at the Balance Sheet date is recognized in the Statement of Profit and Loss. Refer Note 1(ix) above for forward exchange contracts covered under Accounting Standard -11 on “The Effects of Changes in Foreign Exchange Rates”.

xi. REVENUE FROM OPERATIONS

- (a) Revenue from sale of products is recognized on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery. Sales include excise duty and are net of sales returns, discounts and exclude sales tax/ value added tax where applicable.
- (b) Sale of service is recognized as revenue as and when it becomes due as per terms of contracts.

xii. LEASES

Lease rentals in respect of assets taken on operating lease are charged to revenue.



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

xiii. EMPLOYEE BENEFITS

(a) Short Term

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognized as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

(b) Post Employment

(i) Provident Fund

This is a defined contribution plan for certain employees and contributions are remitted to Provident Fund authorities in accordance with relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future Provident Fund benefits other than its monthly contributions.

Certain employees of the Company receive provident fund benefits, which are administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognized in the Statement of Profit and Loss. Actuarial gains/ losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

(ii) Superannuation Fund

This is the defined contribution plan. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.

(iii) Gratuity

This is a defined benefit plan. The schemes, which are funded with SBI Life Insurance Co. Ltd. and Life Insurance Corporation of India (LIC), are administered by independent trusts. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains/ losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

(c) Other Long Term

Other long term represent Leave Encashment, Sick Leave and Long Service Award (defined benefit plans) which is provided for based on year end actuarial valuation using Projected Unit Credit Method. Actuarial gains/losses are recognized immediately in the Statement of Profit and Loss as income/ expense.

xiv. TAXES ON INCOME

Current tax is provided as the amount of tax payable in respect of taxable income for the year measured using applicable tax rules and laws.

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only if there is a virtual/ reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

xv. PROVISIONS AND CONTINGENT LIABILITIES

Provisions : Provisions are recognized when the company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discontinued to its present value.

Contingent Liabilities : Contingent Liabilities are disclosed when the company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount can not be made.

2. SHARE CAPITAL

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
(i) Authorised 5,00,00,000 Equity Shares of Rs.10/- each	5,000	5,000
(ii) Issued, Subscribed and Paid up 89,89,273 Equity Shares of Rs.10/- each, fully paid up	899	899
(iii) 67,29,698 Equity Shares are held by the holding company		
(iv) Shares issued for consideration other than cash - 34,55,529 Equity Shares of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement		
(v) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Rs. in Lakhs	In No's	Rs. in Lakhs	In No's
Shares outstanding at the beginning of the year	899	8,989,273	899	8,989,273
Shares outstanding at the end of the year	899	8,989,273	899	8,989,273

(vi) Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs 10/- per share. Each holder of equity is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

(vii) Details of shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholders	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
McNally Bharat Engineering Co. Ltd.	6,729,698	74.86	6,729,698	74.86
EIG (Mauritius) Limited	1,340,000	14.91	1,340,000	14.91



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
3. RESERVES AND SURPLUS		
Capital Reserve	8,115	8,115
Securities Premium account	3,372	3,372
General Reserve	1,465	1,465
Surplus in Statement of Profit and Loss		
Balance as per last account	5,469	4,951
Add : Profit for the year	116	518
Balance as at the end of the year	5,585	5,469
Total	18,537	18,421
4. LONG TERM BORROWINGS		
Secured Loans		
Term Loans		
From Banks	9,616	11,382
From Others	5	6
	9,621	11,388
Less: Current maturities of Long Term Debt (refer Note 10)	2,403	1,620
Total	7,218	9,768

Nature of Security and terms of repayment for Secured Borrowings

Nature of Security	Terms of Repayment
i. Year end term loan balance from ICICI Bank Ltd. of Rs 1,503 Lakhs (31.03.2013 Rs. 2,611 Lakhs) is secured by first pari passu charge over the immoveable and moveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 10 equal half yearly installments, the first such installment being due on September 15, 2011 and at the end of every six months there after. Interest is payable at the rate of LIBOR + 2.50% p.a. on amount beginning April 6, 2009 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
ii. Year end term loan balance from ICICI Bank Ltd. of Rs 4,507 Lakhs (31.03.2013 Rs. 5,439 Lakhs) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
iii. Year end term loan balance from DBS Bank Ltd. of Rs 3,606 Lakhs (31.03.2013 Rs. 3263) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

Nature of Security and terms of repayment for Secured Borrowings (Contd.)

Nature of Security	Terms of Repayment
iv. Year end term Loan balance from Karur Vysya Bank Ltd. amounting to Rs. Nil (31.03.2013 Rs. 69 Lakhs) is secured by pari passu charge on the factory land situated at Asansol together with buildings and plant and machinery erected thereon.	Original loan availed Rs. 1,090 Lakhs is repayable in 48 equal monthly installments, the first such installment being due on July 30, 2009 and at the end of every month thereafter. Interest is payable at the rate of Bank rate plus 0.75% p.a. on amount beginning August 1, 2008 and monthly thereafter.
v. Year end balance of Car Loan (term) from Kotak Mahindra Prime Limited Rs. 5 Lakhs (31.03.2013 Rs. 6 Lakhs) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 11.35% p.a.

5. DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Deferred Tax Liability on account of -		
– Depreciation	1,794	1,592
Deferred Tax Asset on account of -		
– Unabsorbed Tax Depreciation/Loss @	(1,680)	(1,001)
– Items allowable for tax purpose on payment basis	(52)	(32)
– Other Items	(62)	(29)
Total	–	530

@ Considered based on future taxable income against which it can be realised.

The Company has substantial unabsorbed depreciation and carry forward loss under the Income-tax Act, 1961. The Deferred Tax Asset relating to such unabsorbed depreciation and other items are significantly higher than the Deferred Tax Liability arising on account of timing difference. Accordingly, the Company have recognised Deferred Tax Asset to the extent of available Deferred Tax Liability.

6. OTHER LONG TERM LIABILITIES

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Trade Payables	1	9
Total	1	9

7. LONG TERM PROVISION

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Provision for employee benefits	262	196
Provision for mark to market losses on derivatives	63	144
Total	325	340



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

8. SHORT TERM BORROWINGS

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Secured Loans from Banks		
Loans Repayable on demand #	10,256	6,171
	10,256	6,171
Unsecured Loans		
From Banks	1,500	250
Inter - corporate deposit	875	1,250
Commercial Paper	-	1,500
	2,375	3,000
Total	12,631	9,171

Nature of Security on Secured Loans availed from Banks

Cash Credit facilities and Working Capital Demand Loans from ICICI Bank Limited and ING Vysya Bank Limited aggregating Rs. 4,406 lakhs (31.03.2013 Rs. 1,574 lakhs) are secured by first pari passu charge on entire current assets of the Company. This facility is also secured by second pari passu charge over the immoveable and moveable fixed assets of the Kumardhubi plant - Unit II, both present and future.

Cash Credit facilities and Working Capital Demand Loans from DBS Bank Limited and IDBI Bank Limited aggregating Rs. 2,250 lakhs (31.03.2013 Rs. 1,500 lakhs) are secured by first pari passu charge on entire current assets of the Company.

Cash Credit facilities and Working Capital Demand Loan from State Bank of India of Rs. 3,600 lakhs (31.03.2013 Rs. 3,097 lakhs) is secured by first pari passu charge on entire current assets of the Company together with land and windmill machinery at Jamnagar. This facility is also secured by second pari passu charge over the immoveable and moveable fixed assets of the Kumardhubi plant - Unit II, both present and future.

9. TRADE PAYABLES

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Trade Payables		
Dues to micro enterprises and small enterprises (refer Note 35)	123	139
Others	6,644	7,334
Total	6,767	7,473



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

10. OTHER CURRENT LIABILITIES

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Current maturities of long-term borrowings (Refer Note 4)	2,403	1,620
Interest accrued but not due on Borrowings	121	252
Unpaid Dividends @	8	10
Unpaid matured deposits and interest accrued thereon @	*	*
Other Payables		
Advance received from customers	1,319	1229
Advance received for sale of Land	-	213
Liability for Capital Creditors	149	301
Dues payable to government authorities	185	392
Employee benefits payable	225	278
Liability for Other Expenses \$	565	502
Total	4,975	4,797

@ There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

\$ includes primarily Creditors for other expenses and Deposit received from supplier.

* Amount is below the rounding off norms adopted by the company.

11. SHORT TERM PROVISIONS

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
Provision for employee benefits	139	173
Provision for Warranty [Refer (a) below]	47	23
Total	186	196
a) Movement of Provision for Warranty :		
Balance as at the beginning of the year	23	-
Additions	24	23
Amount used	-	-
Balance as at the end of the year	47	23

Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

12. TANGIBLE ASSETS

Rs. in Lakhs

Particulars	GROSS BLOCK AT COST/ VALUATION				DEPRECIATION/ AMORTISATION			NET BLOCK		
	As at 1st April, 2013	Additions	Other Adjustments [Refer (a) below]	Sales/ Adjustment	As at 31st March, 2014	As at 1st April, 2013	For the year	Sales/ Adjustment	As at 31st March, 2014	As at 31st March, 2013
Lease hold Land	2,521	-	236	*	2,757	57	23	3	2,680	2,464
Free hold Land	257	-	-	-	257	-	-	-	257	257
Building	11,870	207	853	50	12,880	721	424	*	11,735	11,149
Plant and Machinery	8,181	161	87	-	8,429	2,857	580	-	4,992	5,324
Plant and Machinery - Windmill	764	-	-	-	764	399	57	-	308	365
Furniture and Fixture	310	45	7	-	362	88	21	-	253	222
Refrigerators and Air Conditioners	86	-	3	1	88	18	5	1	66	68
Office Equipments	214	3	1	1	217	146	13	1	59	68
Vehicles	88	-	1	9	80	35	8	4	41	53
Total	24,291	416	1,188	61	25,834	4,321	1,131	9	5,443	19,970
Previous Year	16,748	6,358	2,488	1,303	24,291	3,728	854	261	4,321	19,970

12. INTANGIBLE ASSETS

Particulars	GROSS BLOCK AT COST/ VALUATION				AMORTISATION			NET BLOCK		
	As at 1st April, 2013	Additions	Other Adjustments [Refer (b) below]	Sales/ Adjustment	As at 31st March, 2014	As at 1st April, 2013	For the year	Sales/ Adjustment	As at 31st March, 2014	As at 31st March, 2013
Design and Drawings	2,250	-	-	-	2,250	1,607	322	-	1,929	643
Computer Software	164	20	4	-	188	101	49	-	150	63
Technical Knowhow	20	-	-	-	20	20	-	-	20	-
Total	2,434	20	4	-	2,458	1,728	371	-	2,099	706
Previous Year	2,400	31	3	-	2,434	1,359	369	-	1,728	706

* Amount is below the rounding off norms adopted by the Company.

a) Other Adjustments for Tangible assets include :

(i) Rs. Nil (31.03.2013 Rs 1337 Lakhs) being borrowing cost capitalised during the year.

(ii) Rs. 1188 Lakhs (31.03.2013 Rs 1151 Lakhs) being adjustment relating to exchange difference.

b) Other Adjustments for Intangible assets include Rs. 4 Lakhs (31.03.2013 Rs 3 Lakhs) being adjustment relating to exchange difference.

c) Pursuant to the Scheme of Arrangement between the Company and McNally Bharat Engineering Company Limited (MBECL), the holding company, the existing charges on the assets of the erstwhile Products Division of MBECL for facilities enjoyed by MBECL will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain assets of the Company comprised in erstwhile Product Division of MBECL.



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
13. CAPITAL WORK IN PROGRESS		
Capital Work in Progress @	33	124
Total	33	124
@ Includes :		
(i) Rs. Nil (31.03.2013 Rs 18 Lakhs) being borrowing cost capitalised during the year.		
(ii) Rs. Nil (31.03.2013 Rs 10 Lakhs) being adjustment relating to exchange difference.		
14. NON CURRENT INVESTMENT		
Non Current (Long Term - other than trade) Investments (unquoted) at cost		
– 100 (31.03.2013 : 100) fully paid shares of Rs. 25/- each of Co Operative Bank of Baroda Limited	*	*
– Nil (31.03.2013 : 100) fully paid shares of Rs. 10/- each of McNally Bharat Co-operative Credit Society Limited	–	*
Total	*	*
Aggregate Book Value of unquoted investments	*	*
* Amount is below the rounding off norms adopted by the Company.		
15. LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	8	8
Security Deposits		
Unsecured, considered good	131	174
considered doubtful	2	2
Less: Allowances for doubtful security deposits	2	2
Total	139	182
16. OTHER NON CURRENT ASSETS		
Unsecured, considered good		
Long term trade receivables	225	872
Deposit with Banks having maturity more than twelve months #	12	262
Total	237	1134
# Includes Rs Nil (31.03.2013 Rs. 250 Lakhs) lien with a Bank.		



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
17. INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw Materials and Component	2,131	2,355
Work-in-progress [refer (i) below]	9,822	7,480
Finished goods	109	36
Stores and spares	897	1,038
Loose Tools	82	95
Total	13,041	11,004
i) Break up of Work-in-progress		
a) Metallurgical Machinery and Material handling Equipment	3,547	2,236
b) Projects/ Special Equipments	5,245	4,297
c) Coal Washing Plant / Machinery / Spares	37	-
d) Pump and Spares	613	524
e) Thickener, Floatation cells and spares	380	423
Total	9,822	7,480
18. TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5,817	3,514
Unsecured, considered doubtful	549	493
Less: Allowances for doubtful debts	549	493
	<u>5,817</u>	<u>3,514</u>
Other debts		
Unsecured, considered good	9,386	10,844
Total	15,203	14,358



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
19. CASH AND BANK BALANCES		
Cash and cash equivalent		
Cash on hand	10	9
Demand Deposit with Bank (Less than three months maturity)	1	-
Unpaid Dividend Accounts \$	8	10
Current Accounts with banks	119	232
	<u>138</u>	<u>251</u>
Other Bank Balances		
Bank deposits with original maturity greater than three months and maturing within twelve months #	6	250
Total	<u>144</u>	<u>501</u>
\$ Earmarked for payment of unpaid dividend only.		
# Rs Nil (31.03.2013 Rs. 250 Lakhs) is under lien with a Bank.		
20. SHORT TERM LOANS AND ADVANCES		
Advances to related parties		
Unsecured, considered good, unless stated otherwise		
Recoverable from Whole time Director (Refer Note 37)	<u>22</u>	<u>26</u>
Other Advances		
Unsecured, considered good, unless stated otherwise		
Balance with Government Authorities	439	802
Advance payment of taxes, etc [Net of Provision for taxation Rs. 2946 Lakhs (31.03.2013 Rs.2895 Lakhs)]	109	138
Advance for goods and services	1,276	1,527
Others #	140	143
	<u>1,964</u>	<u>2,610</u>
Total	<u>1,986</u>	<u>2,636</u>
# includes primarily employee advance and prepaid expenses.		
21. OTHER CURRENT ASSETS		
Interest receivable	-	25
Assets held for disposal	-	909
Rent Receivables	-	12
Insurance Claim Receivables	*	-
Unamortised Premium on Forward Contract	6	-
Receivable towards sale of tangible assets	-	43
Total	<u>6</u>	<u>989</u>
* Amount is below the rounding off norms adopted by the Company.		



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	For the year ended 31st March, 2014 Rs. In Lakhs	For the year ended 31st March, 2013 Rs. In Lakhs
22. REVENUE FROM OPERATIONS		
Sale of products [Refer (i) below]	22,826	30,852
Sale of services [Refer (ii) below]	369	565
Other operating revenues		
Scrap Sales	517	433
Energy Income - Wind Mill	100	112
Agency Income	32	6
Total	23,844	31,968
i) Break up of Sale of products		
1. Metallurgical Machinery.		
a) Crushing and Screening Plant / Machinery / Spares	3,538	4,801
b) Feeders and Gates Machinery / Spares	195	126
c) Ball Mill-Machinery / Spares	2,876	4,267
d) Structural Steel Work, Engineering, Fabrication and Erection	1,198	1,465
2. Material Handling and Conveying Plant / Machinery / Spares	845	1,996
3. Coal Washing Plant / Machinery / Spares	348	-
4. Cement Mill/Plant	154	227
5. Pump and Spares	1,560	1,549
6. Thickener, Floatation cells and spares	899	1,584
7. Projects/ Special Equipments	8,307	10,146
8. Others/ Spares	2,906	4,691
Total	22,826	30,852
ii) Break up of Sale of services		
Supervision Charges	297	10
Maintenance Services	16	102
Engineering and Designing Charges	46	452
Others	10	1
Total	369	565



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	For the year ended 31st March, 2014 Rs. In Lakhs	For the year ended 31st March, 2013 Rs. In Lakhs
23. OTHER INCOME		
Profit on Sale of Fixed Assets (net)	–	164
Interest Income	70	36
Net Gain on foreign currency transactions/translations	1,414	–
Provision for Mark to Market Loss no longer required written back	81	–
Liabilities no longer required written back	190	183
Provision no longer required written back	32	48
Rental Income	72	76
Miscellaneous Income	8	12
Total	1,867	519
24. COST OF MATERIALS CONSUMED		
(i) Consumption of Raw Materials and Components		
Opening Stock	2,355	2,168
Add : Purchases	11,325	14,201
	13,680	16,369
Less : Closing Stock	2,131	2,355
Consumption of Raw Materials and Component	11,549	14,014
(ii) Details of Consumption of Raw Materials, Components, Spare Parts, Stores, etc.		
Raw materials and Components:		
Steel	5,292	6,052
Components	3,426	4,338
Castings	1,826	2,557
Others	1,005	1,067
Total	11,549	14,014
Spare Parts, Stores, etc.:		
Stores and Spare Parts	2,438	1,639
Bearings	241	360
Motors	123	101
Others	323	264
Total	3,125	2,364



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

(iii) Break-up of Imported and Indigenous Materials Consumed

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	Percentage	Rs. In Lakhs	Percentage	Rs. In Lakhs
Raw Materials and Components :				
Imported	1.00	116	1.32	185
Indigenous	99.00	11,433	98.68	13,829
Total	100.00	11,549	100.00	14,014
Spare Parts and Stores :				
Imported	26.08	815	3.00	71
Indigenous	73.92	2,310	97.00	2,293
Total	100.00	3,125	100.00	2,364

(iv) Stores and Spare parts consumed debited to various heads amount to Rs 14 Lakhs (2012-13 Rs. 9 Lakhs).

	For the year ended 31st March, 2014 Rs. In Lakhs	For the year ended 31st March, 2013 Rs. In Lakhs
--	--	--

25. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Opening Stock		
Work-in-Progress	7,480	6,796
Finished Goods	36	42
	<u>7,516</u>	<u>6,838</u>
Less :		
Closing Stock		
Work-in-Progress	9,822	7,480
Finished Goods	109	36
	<u>9,931</u>	<u>7,516</u>
Total	(2,415)	(678)

26. EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus	3,041	3,274
Contribution to Provident and other funds	184	146
Workmen and Staff welfare expenses	154	180
Total	3,379	3,600



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

27. EMPLOYEE BENEFITS

(A) Post Employment Defined Benefit Plans

(I) Gratuity

- (i) In keeping with the Company's gratuity scheme, eligible employees are entitled for gratuity benefit as per the Payment of Gratuity Act, 1972 on retirement / death/incapacitation/ termination etc. Also refer Note 1 (xiii) (b) (iii) for accounting policy related to gratuity.

The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) of the Company for the year ended 31.03.2014.

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
(a) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation		
Present Value of Obligation at the beginning of the year	738	807
Current Service Cost	35	37
Interest Cost	66	66
Actuarial (Gains)/Losses	(2)	(44)
Benefits Paid	(108)	(128)
Present Value of Obligation at the end of the year	729	738
(b) Reconciliation of the Opening and Closing balances of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	590	617
Expected Return on Plan Assets	52	51
Actuarial Gains/(Losses) on plan Assets	(2)	1
Contributions	20	49
Benefits paid	(108)	(128)
Fair Value of Plan Assets at the end of the year	552	590
(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets		
Present Value of Obligation at the end of the year	729	738
Fair Value of Plan Assets at the end of the year	552	590
Liabilities recognized in the Balance Sheet	(177)	(148)
(d) Expense recognized in the Statement of Profit and Loss		
Current Service Cost	35	37
Interest Cost	66	66
Expected Return on Plan Assets	(52)	(51)
Actuarial (Gains)/Losses	*	(43)
Total Expense recognized (included in note 26 - Contribution to Provident and other funds)	49	9



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
(e) Category of Plan Assets		
Fund with Insurer	548	590
Others (including bank balances)	3	*
Total	551	590
(f) Actual Return on Planned Assets	50	52
(g) Actuarial Assumptions		
Discount Rate Plan	8.25%	7.50%
Expected Rate of Return on Assets	9.00%	8.50%
Rate of increase in Salary	4.00%	4.00%
Mortality Rate	In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate.	In accordance with standard table LIC (1994-96) ultimate.

* Amount is below the rounding off norms adopted by the Company.

(ii) The table below illustrates experience adjustment disclosure as per para 120 (n) of Accounting Standard 15 - Employee Benefits.

Particulars	Gratuity				
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2012	For the year ended 31st March 2011	For the year ended 31st March 2010
	(Rs. in Lakhs)				
Present Value of Obligation at the end of the year	729	738	807	683	616
Fair Value of Plan Assets at the end of the year	552	590	617	571	493
Deficit at the end of the year	(177)	(148)	(190)	(112)	(123)
Experience adjustments on plan liabilities [(Gain)/Loss]	(2)	(44)	99	35	(10)
Experience adjustments on plan assets [Gain/(Loss)]	(2)	1	(1)	1	2

- (II) The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.
- (III) The contribution expected to be made by the company for the year ended 31st March, 2015 is not readily ascertainable and therefore not disclosed.
- (IV) **Provident Fund**
Contributions towards provident funds are recognised as expense for the year. The Company contributes to the provident funds trusts set up by the holding company in respect of certain categories of employees



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

which is administered by Trustees. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary to and aggregate contributions along with interest thereon are paid to the employee's/ nominee's at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

In terms of the Guidance on implementing Accounting Standard -15 (Revised 2005) on 'Employee Benefits' issued by the Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI), a provident fund trust set up by the Company are treated as defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the balance sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs. 97 lakhs (2012-13 Rs. 74 lakhs) to the Provident Fund Trust has been expensed under the " Contribution to Provident and Other Funds" in Note 26. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

Principal Actuarial Assumptions	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Discount Rate	9.16%	8.23%
Expected Return on Exempted Fund	8.78%	8.13%
Expected EPFO Return	8.75%	8.50%

(B) Post Employment Defined Contribution Plan

During the year, an amount of Rs. 38 lakhs (2012-13 Rs. 63 lakhs) has been recognised as expenditure towards defined contribution plans of the company.

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
28. FINANCE COSTS		
Interest expense [Net of interest capitalised Nil (2012-13 Rs 468 lakhs)]	2,209	2,102
Other borrowing costs	337	180
Total	2,546	2,282
29. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation/Amortisation on tangible assets	1,131	854
Amortisation on intangible assets	371	369
Total	1,502	1,223



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	For the year ended 31st March, 2014 Rs. In Lakhs	For the year ended 31st March, 2013 Rs. In Lakhs
30. OTHER EXPENSES		
Professional Fees	291	292
Fabrication and other charges	2,326	2,956
Consumption of stores and spare parts	3,111	2,355
Power	360	376
Repairs to Buildings	24	20
Repairs to Machinery	60	60
General repairs and maintenance	110	97
Rent	78	104
Subscriptions and donations	2	3
Bank charges	14	14
Rates and Taxes	77	55
Insurance	64	71
Freight	221	849
Travelling and conveyance	454	455
Directors' Fees	5	7
Royalty	10	1
Commission Expenses	26	15
Net Loss on foreign currency transactions/translations	–	38
Bad debts written off	–	4
Provision for Doubtful Trade Receivables/Advances	88	65
Provision for Warranty	24	23
Loss on sale of Fixed Assets (net)	2	–
Provision for marked to market loss	–	144
Miscellaneous Expenses	387	391
	<u>7,734</u>	<u>8,395</u>
Less: Transferred to Capital Work in Progress	–	23
Total	<u>7,734</u>	<u>8,372</u>
(i) Miscellaneous expenses shown above includes Auditor's remuneration and expenses :		
Statutory Audit	26	28
Tax Audit	–	5
Other Services	10	14
Reimbursement of Expenses	2	2
Total	<u>38</u>	<u>49</u>
(ii) The Company has leasing arrangements in respect of operating leases for premises (residential, office, etc.). These leasing arrangements which are cancellable are for a period of 3 years, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of Rs. 78 lakhs (2012-13 Rs. 104 lakhs) paid/payable are charged as Rent under Other Expenses.		

31. EXCEPTIONAL ITEM

During the year, Leasehold rights with respect to a portion of land at Savli, Gujarat had been transferred for a net profit of Rs. 531 lakhs and has been treated as Exceptional item.



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	For the year ended 31st March, 2014 Rs. In Lakhs	For the year ended 31st March, 2013 Rs. In Lakhs
32. CIF VALUE OF IMPORT		
Raw Materials & Components	–	185
Spare Parts and Stores	580	114
Total	580	299
33. EXPENDITURE IN FOREIGN CURRENCY		
Travelling	21	12
Royalty	–	1
Total	21	13
34. EARNING IN FOREIGN CURRENCY		
Export Sale (FOB)	776	744
Agency Income	32	6
Total	808	750
35. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES:		
	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
(i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act		
Principal	68	84
Interest	3	5
(ii) The amount of interest paid in terms of section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	–	–
Interest	–	–
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	300	283
Interest	18	12
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs.34 lakhs (31.03.2013 Rs. 38 lakhs) being interest outstanding as at the beginning of the accounting year]	55	55
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED Act	21	17

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

(Rs. in Lakhs)

	Currency	As at 31st March, 2014		As at 31st March, 2013	
		Buy	Sell	Buy	Sell
36. DERIVATIVE FINANCIAL INSTRUMENTS					
(a) The Company uses derivative contracts to hedge its exposures in foreign currency. The information on such contracts outstanding as at year end are as follows:					
Cross Currency Swap	USD	–	–	148	–
Interest Rate Swap	USD	60	–	60	–
Option	USD	5	5	5	5
Forward Contract	USD	6	–	–	–
(b) Foreign Exchange Currency Exposures that have not been hedged by a derivative instrument or otherwise as at year end are as follows:					
Receivables	USD	–	3	–	2
	EURO	–	*	–	*
	AUD	–	–	–	1
Trade Payables	USD	1	–	*	–
	EURO	–	–	*	–
Loans Payable	USD	100	–	–	–
	EURO	1	–	–	–
(c) Mark to Market Loss as at year end are as follows:					
	Currency	As at 31st March, 2014		As at 31st March, 2013	
Mark to Market Loss provided for	INR	63		144	

* Amount is below the rounding off norms adopted by the company.



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

37. RELATED PARTY DISCLOSURES [IN ACCORDANCE WITH ACCOUNTING STANDARD 18 NOTIFIED UNDER SECTION 211(3C) OF THE COMPANIES ACT, 1956]

- (I) Related Parties and their Relationships
- a) Where control exists
- i) Holding Company
McNally Bharat Engineering Company Limited (MBECL)
- b) Others
- i) Fellow subsidiaries
MBE Coal & Mineral Technologies India Private Limited (MCMTI)
McNally Bharat Equipments Limited #
McNally Bharat Infrastructure Limited #
MBE Mineral Technologies Pte Limited #
MBE Minerals Zambia Ltd #
McNally Bharat Engineering (SA) Proprietary Ltd. #
MBE Coal & Minerals Technologies GmbH (MCMT)
- ii) Key management personnel
Mr. Subir Chaki, Whole time Director
- # No transactions during the year.

(II) Transactions during the year:

	MBECL Rs in Lakhs	MCMT Rs in Lakhs	MCMTI Rs in Lakhs
Purchase of Materials and components	– (29)	– (-)	– (-)
Purchase of services	– (51)	– (-)	– (-)
Purchase of fixed assets	– (-)	– (-)	36 (2)
Corporate Guarantee given	3,354 (3,112)	– (-)	– (-)
Corporate Guarantee received	– (3,225)	– (-)	– (-)
Sale of Products and Services	5,823 (11,932)	4 (-)	207 (65)
Sale of fixed assets	– (-)	– (-)	– (43)
Rental income	74 (74)	– (-)	1 (2)
Loan / Advances received	– (600)	– (-)	– (-)
Expense Recovered	22 (20)	– (-)	34 (48)



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

	MBECL Rs in Lakhs	MCMT Rs in Lakhs	MCMTI Rs in Lakhs
Balance outstanding as at 31.03.2014			
Trade Payables	110 (120)	— (-)	— (-)
Trade and Other Receivables	7,527 (7,025)	2 (-)	215 (153)
Other Current Liabilities	205 (325)	56 (-)	— (-)
Outstanding Corporate Guarantee Given	3,354 (3,112)	— (-)	— (-)
Outstanding Corporate Guarantee Received	5108 (5,524)	— (-)	— (-)
Relating to persons referred to in 37 (I) (b) (ii) above			
Remuneration paid	96 (102)		
Advance Outstanding	22 (26)		

Figures in brackets are for the year ended 31st March, 2013.

38. CONTINGENT LIABILITIES AND COMMITMENTS

	As at 31st March, 2014 Rs. In Lakhs	As at 31st March, 2013 Rs. In Lakhs
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
Excise Duty matters under dispute	85	85
Sales Tax and Value Added Tax matters under dispute	2,239	2,052
Other demands related to claims made by certain ex-employees towards employee benefits due to them	257	27
	<u>2,581</u>	<u>2,164</u>
(b) Others		
Bills discounted with banks against letter of credit	1,400	—
Corporate Guarantee to banks on behalf of holding company	3,354	3,112
	<u>4,754</u>	<u>3,112</u>
	<u>7,335</u>	<u>5,276</u>
The future cash outflow in respect to the above cannot be ascertained at this stage.		
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	—	—
	<u>—</u>	<u>—</u>



Notes to the financial statements for the year ended 31st March, 2014 Accounts (Contd.)

(Rs. In Lakhs)

As at 31st March, 2014 As at 31st March, 2013

39. EARNINGS PER SHARE

Basic and Diluted

Net Profit after tax available for Equity shareholders	Rs Lakhs	116	518
Weighted average number of shares outstanding	No	8,989,273	8,989,273
Nominal value of the shares	Rs.	10	10
Earnings per share – Basic and Diluted	Rs.	1.29	5.77

40. The Company is primarily engaged in a single business segment, viz. “manufacturing and designing of engineering products” and predominantly operates in one Geographical segment. Accordingly, there are no separate reportable segments, as per Accounting Standard – 17 on “Segment Reporting”.
41. Pending completion of the relevant formalities of the transfer of certain assets acquired pursuant to the scheme of arrangement of product division of McNally Bharat Engineering Company Limited with the company in FY 2008-09, such assets remain included in the books of the company under the name of transferor company.

For **Lovelock & Lewes**
Firm Registration Number : 301056E
Chartered Accountants

Prabal Kumar Sarkar
Partner
Membership Number 52340
Place : Kolkata
Date : 29th May, 2014

For and on behalf of Board of Directors

Subir Chaki - *Whoe time Director*
Prabir Kumar Ghosh - *Director*
Uttam Tekriwal - *Chief Financial Officer*
Amit Pathak - *Company Secretary*

BOOK POST

If undelivered please return to :

McNally Sayaji Engineering Limited

A Subsidiary of McNally Bharat Engineering Company Limited

Ecospace, Campus 2B, 11F/12 (Old Plot No AA II/Blk 3),

New Town, Rajarhat, North 24 Parganas, Kolkata 700 0156, India

Tel : +91 33 30142280, Fax : +91 33 30142393

Website : www.mcnallysayaji.com

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A Subsidiary of McNally Bharat Engineering Company Limited
Ecospace, Campus 2B, 11F/12 (Old Plot No AA II/Blk 3),
New Town, Rajarhat, North 24 Parganas, Kolkata 700 0156, India

Form No. MGT-11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN : L28999WB1943PLC133247
Name of the company : **McNally Sayaji Engineering Limited**
Registered office : 4 Mangoe Lane, Kolkata - 700001, West Bengal, India

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DPID :

I/We, being the member (s) of _____ shares of the above named company, hereby appoint

1 Name :
Address :
E-Mail ID :
Signature :

or failing him

2 Name :
Address :
E-Mail ID :
Signature :

or failing him

3 Name :
Address :
E-Mail ID :
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 70th Annual General Meeting of the company, to be held on Tuesday, July 29, 2014 at 3.30 P.M. at, 7th Floor, Campus 2B, Ecospace, Premises No 11F/12 (Plot No AAll/Block -3), New Town, Rajarhat, Kolkata - 700 156, West Bengal, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss Account of the Company for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prabir Kumar Ghosh, who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Mr. Heath Brian Zarin, who retires by rotation and being eligible, seeks re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting for the year ended March 31, 2019, subject to ratification of their appointment at every Annual General Meeting, and authorize the Board to fix their remuneration. M/s Lovelock & Lewes, Chartered Accountants (FRN: 301056E), retiring Auditors being eligible, offer themselves for reappointment.
5. To receive approval, by means of Special Resolution, Under Section 180(1)(c) and other applicable provisions if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force)
6. To receive approval, by means of Special Resolution, Under Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force)
7. To receive approval, by means of Special Resolution, Under Section 186 and other applicable provisions if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force)

Signed this day of.....2014

Signature of Shareholder

Signature of Proxy holder(s)

AFFIX
REVENUE
STAMP

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

McNally Sayaji Engineering Limited

CIN NO : L2899WB1943PLC133247

Registered Office :

4, Mangoe Lane, Kolkata – 700 001

Email amit.pathak@mbecl.co.in, Website www.mcnallysayaji.com

ATTENDANCE SLIP 70th Annual General Meeting

Members are requested to present this attendance slip for entry, duly completed and signed in accordance with their specimen signatures registered with the Company.

DP ID
Regd. Folio. No. *

CLIENT ID
No. of Shares

Name of Member _____

Address as registered with the Company _____

I/ We hereby record my presence at the 70th Annual General Meeting of the Company held on Tuesday, the 29th day of July, 2014 at 3.30 P.M. at, 7th Floor, Campus 2B, Ecospace, Premises No 11F/12, (Plot No AAll/Block -3), New Town, Rajarhat, Kolkata – 700156, West Bengal.

Member's Signature

Signed by the said



* Applicable for investors holding shares in physical form.