

**FUTURE
FOCUSED**

McNally Sayaji Engineering Limited

ANNUAL REPORT 2014-15

REMEMBERING MR. DEEPAK KHAITAN



We are extremely sad to inform the members that our beloved Chairman, **Mr. Deepak Khaitan**, passed away on March 9, 2015. We, members of McNally Sayaji Family deeply mourn his untimely demise.

Mr. Khaitan was a natural leader and a great visionary. He had strong acumen in business, always dreamt big and was ahead of time. Despite being an astute businessman, he always remained deeply entrenched in the daily workings of the Company, caring for his team members, extending a helping hand when needed. Under his guidance and leadership, the Company grew to become one of the country's leading manufacturers of crushing, screening, grinding, material handling and mineral processing equipments. Under his vision, the Company has expanded into installing and running its products in countries like Russia, Kenya, Zambia, South Africa, UAE, Oman and Saudi Arabia.

We at MSEL shall always miss him but he will continue to be with us in our heart, in our memories and shall always inspire our senses.

May his soul rest in peace.





McNally Sayaji Engineering Limited

Corporate Identity Number

(CIN): L28999WB1943PLC133247

Registered Office:

Four Mangoe Lane, Kolkata – 700001

West Bengal, India

T: +9133-3014 2280 | F: +9133 3014 2393

Corporate Office:

Ecospace, Campus 2B, 11F/12

(Old Plot No AAIL/Blk3)

New Town, Rajarhat, North 24 Parganas,

Kolkata - 700 160, West Bengal

Telephone - (033) 6628 1212

Fax - (033) 6628 2277

E: mse.corp@mbecl.co.in

W: <http://www.mcnallysayaji.com/>

Statutory Auditors

Lovelock & Lewes, *Chartered Accountants*

Secretarial Auditors

J Patnaik & Associates, *Company Secretaries*

Cost Auditors

S K Sahu & Associates

Registrar & Share Transfer Agent

M/s. Maheshwari Datamatics Private Limited

6, Mangoe Lane, 2nd Floor

Kolkata - 700 001

Telephone - (033) 2243 5029/5809, 2248 2248

Fax - (033) 2248 4787

E -mail - mdpl@cal.vsnl.net.in

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Notice

NOTICE is hereby given that the Seventy First Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on Monday, September 28, 2015, at 11:00 a.m at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160, to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Balance Sheet as at March 31, 2015, the Profit and Loss account 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. Heath Brian Zarin (DIN: 02670769), who retires by rotation, and being eligible, offers himself for re-appointment
3. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:
“**RESOLVED THAT** M/s Lovelock & Lewes, Chartered Accountants (FRN: 301056E), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

Special Business :

4. **To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :**
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any 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) Mr. Padam Kumar Khaitan (DIN: 00019700), a non-executive Director of the Company who retires by rotation at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of three consecutive years or the date of the 74th Annual General Meeting, whichever is earlier.”
5. **To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :**
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any 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) Mr. B Bhushan (DIN: 00494925), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, to propose Mr. B Bhushan as a candidate for the office of the director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of three consecutive years or the date of the 74th Annual General Meeting, whichever is earlier.”
6. **To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution :**
“**RESOLVED THAT** in terms of Section 148 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), the remuneration payable to the Cost Auditors namely, S K Sahu & Associates, for conducting Audit of Cost Accounting records maintained by the Company as applicable, for the year ending March 31, 2016, as approved by the Board of Directors based on the recommendations of the Audit Committee, the details of which are given in the Explanatory Statement in respect of this item of business, be and is hereby ratified.”

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

Arunabha Acharya
Company Secretary

Kolkata, August 12, 2015

Notice

NOTES

- The Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to special business set out in the Notice is annexed hereto.
- Members entitled to attend and vote at the Annual General Meeting (AGM) may appoint a Proxy to attend and vote thereat instead of himself. Proxy need not be a Member of the Company. Proxy forms, duly completed and stamped, must be received at the Company's Registered Office situated at 4 Mangoe Lane, Kolkata – 700001 at least forty-eight hours before the Meeting to be effective.
- 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.
- Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- The Company is providing the facility of remote electronic voting to the Members and the details are set out in the Annexure set herewith.
- The voting rights for the shares are one vote per equity share registered in the name of the shareholders/ beneficial owners as of cut-off date of September 21, 2015.
- The facility for voting through ballot will be available at the AGM venue for those Members who do not cast their votes by remote e-voting prior to the AGM. Members, who cast their votes by remote e-voting prior to the AGM, may attend the meeting but will not be entitled to cast their votes once again.
- The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2015 to September 27, 2015 (both days inclusive).
- Pursuant to the provisions of Section 205A of the Companies Act, 1956, / Section 124 of the Companies Act, 2013, 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.
- 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 Bharat Engineering Co. Ltd.
6 Mangoe Lane, 2nd Floor, Kolkata – 700001
- Members may also note that the Annual Report of the Company for the Financial Year 2014-15 and the Notice of the AGM to be held on September 28, 2015, will be available on the Company's portal <http://mcnallysayaji.com/>
- 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.
- 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.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING

Item No. 4

The Company had appointed Mr. Padam Kumar Khaitan, who has been discharging the role and functions of Independent Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchanges. The term of office of Mr. Khaitan was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 of the Companies Act, 2013 ('the Act'), the Company is required to appoint at least one-third of its total number of Directors as Independent Directors for a fixed term and their office shall not be liable to determination by retirement of Directors by rotation. Accordingly in compliance of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Act, Mr. Padam Kumar Khaitan is proposed to be appointed as an Independent Director who shall hold office from the date of this Annual General Meeting upto the expiry of three consecutive years or the date of the 74th Annual General Meeting, whichever is earlier. A notice has been received

Notice

from a Member referring to Section 160 of the Act proposing him for appointment as an Independent Director at the forthcoming Annual General Meeting of the Company. Mr. Khaitan has the desired qualifications and in depth experience in his respective field and has held very high positions in different renowned organizations.

The particulars of the aforesaid Director namely, age, qualification, past experience and other details is given below.

In the opinion of the Board, Mr. Padam Kumar Khaitan fulfils the conditions specified in the Act and meets the criteria of independence specified in Section 149(6) of the Act and Rules made thereunder for appointment as an Independent Director. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, the Board recommends the resolution set out at Item Nos. 4 of the convening Notice for approval by the Shareholders of the Company.

The Company has received from Mr. Padam Kumar Khaitan a letter of consent to act as an Independent Director of the Company and intimation that she is not disqualified under Section 164(2) of the Companies Act, 2013.

Mr. Padam Kumar Khaitan and his relatives may be considered to be interested in the respective Resolution in so far as they relate to him individually. No other Director or the Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in respect of the said resolutions.

Item No. 5

It is being proposed to appoint Mr. B Bhushan as an Independent Director who shall hold office from the date of this Annual General Meeting upto the expiry of three consecutive years or the date of the 74th Annual General Meeting, whichever is earlier. A notice has been received from a Member referring to Section 160 of the Act proposing him for appointment as an Independent Director at the forthcoming Annual General Meeting of the Company. Mr. B Bhushan has expertise in formulating Corporate Strategy, Financial Management, Taxation and Corporate Laws. He has the desired qualifications and in depth experience in his respective field and has held very high positions in different renowned organizations.

The particulars of the aforesaid Director namely, age, qualification, past experience and other details is given below.

In the opinion of the Board, Mr. B Bhushan fulfils the conditions specified in the Act and meets the criteria of independence specified in Section 149(6) of the Act and Rules made thereunder for appointment as an Independent Director.

The Company has received from Mr. B Bhushan a letter of consent to act as an Independent Director of the Company and intimation that she is not disqualified under Section 164(2) of the Companies Act, 2013.

Mr. B Bhushan and his relatives may be considered to be interested in the respective Resolution in so far as they relate to him individually. No other Director or the Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in respect of the said resolutions.

Your Directors recommend the resolution set out at Item No. 5 for appointment of Mr. B Bhushan for approval of the members.

Item No. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment of S K Sahu & Associates, Cost Accountants, to conduct audit of the Cost Accounting records maintained by the Company for the financial year ended March 31, 2016.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Board of Directors, has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016.

None of the Directors or the Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in respect of the said resolution.

Your Directors recommend the resolution set out at Item No. 6 for appointment of S K Sahu & Associates to conduct audit of the Cost Accounting records maintained by the Company for the financial year ended March 31, 2016.

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

Arunabha Acharya
Company Secretary

Particulars of Directors seeking appointment/reappointment at this Annual General Meeting pursuant to Clause 49(VIII) (E) of the Listing Agreement:

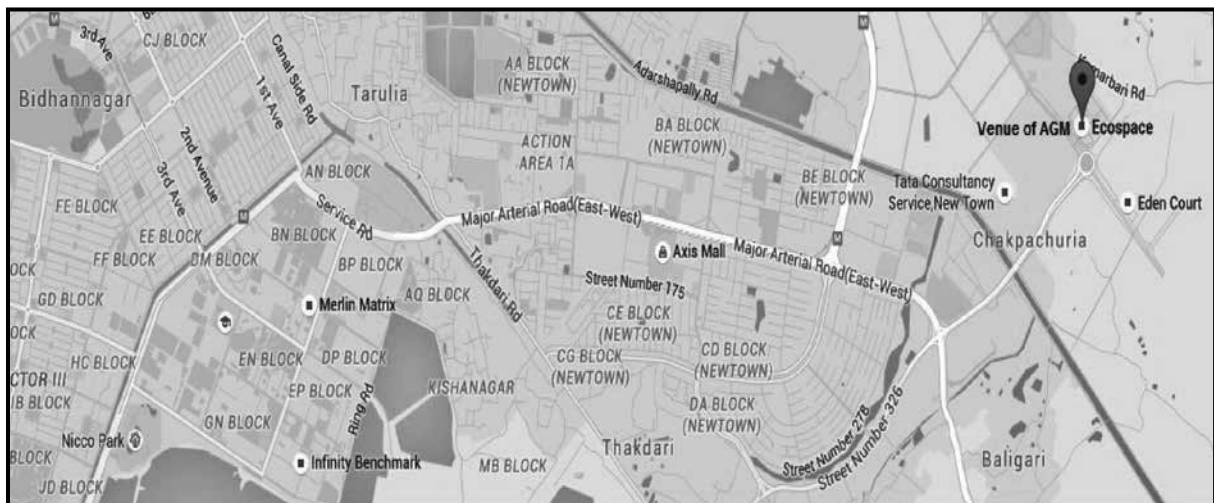
| | |
|--|--|
| Name of Director | Mr. Heath Brian Zarin |
| Qualification | JD, CFA, CMT, CAIA |
| Brief Profile | Mr. Heath Brian Zarin has vast experience in the field of Alternative Investments, especially private equity strategies in emerging markets, and corporate law. He serves as the Founder and Managing Director at EmergeVest Limited. He was also associated with HSBC Principal Investments and Credit Suisse Group. He was the founder of Emergent Investment Group and served as its Chief Executive Officer. His current and previous board service includes companies across Asia, Europe and North America, in diverse manufacturing and service industries. |
| Expertise in specific functional areas | Business Executive |
| Directorships held in other Companies (excluding foreign Companies) | - |
| Committee Membership, if any, with position in other Companies | - |
| Shareholding in the Company | Nil |

| | |
|--|--|
| Name of Director | Mr. Padam Kumar Khaitan |
| Qualification | Attorney in Law |
| Brief Profile | Mr. Padam Kumar Khaitan hails from a renowned family of Lawyers. Mr. Khaitan is one of the partners of Khaitan & Co. LLP, Advocates, Notaries, Patent & Trade Mark Attorneys. During his long career of 37 years with Messrs. Khaitan & Co., as a Lawyer, he has had in-depth exposure to and achieved considerable experience and expertise in law and legal matters in Corporate, Commercial, Financial, Banking, Taxation, Foreign Collaboration, Foreign Investment, Litigation, Arbitration, Real Property, Ecology & Environment, Labour, Projects, Estates & Trusts and Personal Clientele matters. |
| Expertise in specific functional areas | Expertise in Law |
| Directorships held in other Companies (excluding foreign Companies) | <ol style="list-style-type: none"> 1. Manju Shree Plantation Limited (Director, Chairman - Stakeholders Relationship Committee) 2. Kilburn Engineering Limited (Director, Chairman – Stakeholders Relationship Committee, Chairman – Borrowing Committee) 3. Ramkrishna Forgings Limited (Director, Member – Nomination & Remuneration Committee) 4. Khaitan Consultants Limited 5. Cheviot Company Limited (Director, Member – Corporate Social Responsibility Committee) 6. Asian Hotels (East) Limited (Director, Chairman - Stakeholders Relationship Committee, Member - Nomination & Remuneration Committee) 7. GJS Hotels Limited 8. Auro Holdings Private Limited 9. Auro Investments Private Limited 10. NOTT Investments Private Limited |

| | | |
|------------------------------------|-----|---|
| | 11. | ITSA Warehouses Private Limited |
| | 12. | Upper Ganges Sugar And Industries Limited (Director, Member – Finance and Corporate Affairs Committee, Member – Nomination & Remuneration Committee) |
| | 13. | McLeod Russel India Limited (Director) |
| Shareholding in the Company | Nil | |

| | | |
|--|--|---|
| Name of Director | Mr. B Bhushan | |
| Qualification | B. Com (H), Bachelor of Laws, MBA (FMS, DU) | |
| Brief Profile | Mr. B Bhushan has extensive experience in the fields of formulating Corporate Strategy, Financial Management, Taxation and Corporate Laws. He was associated with Unicorp Industries Limited and Marg Limited, and also practiced as a management consultant. He currently serves as a Director of Distribution Logistics Infrastructure Private Limited | |
| Expertise in specific functional areas | Corporate Planning and Strategy, Financial Management, Equity & Debt Fund Raising, SEBI & Public Issue, Working Capital Management, Capital Market Operations, Liaison, Tax Planning, Assessments & Appeals, Accounting, Regulatory Compliances, Secretarial & Legal, Land Acquisition, Project Analysis and Appraisal and Performance Evaluation | |
| Directorships held in other Companies (excluding foreign Companies) | 1. | Distribution Logistics Infrastructure Private Limited |
| | 2. | Activate Infocom Private Limited |
| | 3. | Marg Enterprises Private Limited |
| | 4. | Great Meera Finlease Private Limited |
| Shareholding in the Company | Nil | |

Venue of the Annual General Meeting:



Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160

Instruction and other information relating to e-voting are as under:

- (i) The voting period begins on Wednesday, September 23, 2015, at 09:00 hrs and ends on Sunday, September 27, 2015, at 17:00 hrs. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 21, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members acquiring shares after August 13, 2015, and before the cut-off date mentioned above may contact the RTA to obtain a copy of the Notice to this Extraordinary General Meeting and the e-voting details.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:
For Members holding shares in Demat Form and Physical Form

| | |
|--|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant < McNally Sayaji Engineering Limited > on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Directors' Report

Dear Shareholders,

Your Directors take great pleasure in presenting the Directors' Report for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended March 31, 2015, is summarized below: (₹ in Lakhs)

| | 2014-15 | 2013-14 |
|---|----------------|---------------|
| Revenue from Operations | 20,642 | 21,558 |
| Other Income | 628 | 1,867 |
| Total Revenue | 21,270 | 23,425 |
| Finance Costs | 2,634 | 2,546 |
| Depreciation and amortization expenses | 1,670 | 1,502 |
| Profit / (Loss) before Tax and Extraordinary items | (2,800) | (870) |
| Exceptional items | - | 531 |
| Profit / (Loss) before Tax | (2,800) | (339) |
| Tax Expenses | 53 | (455) |
| Profit after Tax | (2,853) | 116 |
| Surplus in Statement of Profit and Loss | | |
| Balance as per last account | 5,585 | 5,469 |
| Add : Profit for the year | (2,853) | 116 |
| Balance as at the end of the year | 2,732 | 5,585 |

The financial statements of your company have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. The financial statements comply in all material aspects with the Accounting Standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

AUDITORS' REPORT

The Board has duly examined the Statutory Auditors' Report to the accounts and clarifications, wherever necessary, have been included in the Notes to the Accounts section of the Annual Report.

OPERATIONS AND BUSINESS PERFORMANCE

The Company could achieve a Sales turnover of Rs. 206.42 crores as compared to Rs. 215.58 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 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. The Company incurred a Loss after tax of Rs. 28.53 as against a Profit of Rs. 1.16 cr in the previous year. The Company had gained Rs. 14.14 cr on foreign currency transactions and had also earned Rs. 5.31 out of sale of fixed assets in the previous year, the absence of which resulted in higher losses in the year under review.

The Company 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 has already tied up with Fujian South Highway Machinery Co. Ltd. of China to form a joint venture Company McNally Sayaji NFLG Construction Equipment Co. Ltd. for manufacturing and marketing asphalt, dry mix and concrete batching plants. It has also tied up with Choquet SAS of France. Various other tie ups are being worked out to give the Company a more broader product range. 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'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review as required under the Listing Agreement 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.

FORMATION OF JOINT VENTURE COMPANY

The company has tied up with Fujian South Highway Machinery Co. Ltd. of China to form a joint venture company, McNally Sayaji NFLG Construction Equipment Co. Ltd., for manufacturing and marketing asphalt, dry mix and concrete batching plants in India. The Company shall hold 50% of the equity in the Joint Venture Company. The Joint Venture Company is yet to start any commercial activity.

STRATEGIC INVESTMENT IN THE HOLDING COMPANY

Your Company's holding company, McNally Bharat Engineering Company Limited, has entered into an agreement with EMC Limited ("EMC") and Williamson Magor Group ("Existing Promoters") to raise additional equity investment. Under the provisions of SEBI Regulations, there will be an open offer by EMC and the Existing Promoters, which will be in addition to the open offer that will be made by them for the Members of the holding company as well.

SHARE CAPITAL

During the Year ended March 31, 2015, the Equity Share Capital of the Company at 89,89,273 Equity Shares of Rs.10/- each remains unchanged.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, separate section titled as "Corporate Governance" is attached to this report.

DIVIDEND

Due to inadequacy of profits, your Directors do not recommend any dividend for the financial year ended March 31, 2015.

TRANSFER TO RESERVES

No amount has been transferred to the General Reserves of your Company at the financial year ended March 31, 2015.

INTERNAL FINANCIAL CONTROLS

To fulfil the obligations put forward vide section 134(5)(e) of the Companies Act, 2013, the Board of Directors regularly reviews the internal control systems to ensure that it remains effective and fit for purpose. Where weaknesses are identified as a result of the reviews, new procedures are put in place to strengthen controls and these are in turn reviewed at regular intervals.

The systems/ frameworks include proper delegation of authority, operating philosophies, policies and procedures, effective IT systems aligned to business requirements, internal audit framework, ethics framework, risk management framework and adequate segregation of duties to ensure an acceptable level of risk.

Internal Financial Control is exercised through Internal Audit and is an important element of the overall process by which the Board obtains the assurance on the effectiveness of relevant internal controls. In addition, as part of their role, the Board and its Committees routinely monitor the material business risks.

Based on information provided, nothing has come to the attention of Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in our internal financial controls during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013, and the Rules thereto, your Company has constituted a Corporate Social Responsibility Committee. Accordingly, a Corporate Social Responsibility policy has been adopted by the Committee by the Board of Directors. A report of the CSR activities undertaken by your Company is attached herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors confirm as under:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

DEPOSITS

During the financial year ended March 31, 2015, your Company has not accepted any deposits from the public

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board, with immense grief, regrets to inform you of the sad and premature demise of Mr. Deepak Khaitan, who passed away for his heavenly abode on March 9, 2015. Mr. Deepak Khaitan served as the Chairman of the Board of Directors since 2008. The Board acknowledges his vast contributions to the Board and the Company.

The Board of Directors, at their meeting held on March 30, 2015, appointed Mrs. Tehnaz Punwani as an Additional Director of the Company with effect from March 30, 2015. Subsequently, at an Extraordinary General Meeting held on May 4, 2015, she was appointed as an Independent Director of the Company for a term up to March 29, 2020, and whose office shall not be liable to retire by rotation. Mrs. Tehnaz Punwani is a Company Secretary having over twenty years of experience in legal and company secretarial practice field. She had been associated with Berger Paints Limited and currently heads the Legal and Company Secretarial department of Eveready Industries India Limited.

The Independent Directors have submitted their disclosures to the Board that they meet the criteria as stipulated in Section 149(6) of the Companies Act, 2013.

The Company has in place a performance evaluation mechanism for its Board of Directors. The Independent Directors, at their own separate meeting, evaluated the performance of the Board and the other Board members. Thereafter, the Board evaluated its own performance and that of its Committees.

On the financial year ended March 31, 2015, the Company had three Key Managerial Personnel being Mr. Subir Chaki, Whole Time Director, Mr. Uttam Tekriwal, CFO, and Mr. Arunabha Acharya, Company Secretary.

MEETINGS OF THE BOARD OF DIRECTORS

During the year, six Board Meetings were held on May 29, 2014, August 14, 2014, November 14, 2014, January 22, 2015, February 12, 2015 and March 30, 2015. Please refer to the Corporate Governance Report forming part of this Report as an Annexure for further details.

AUDIT COMMITTEE

The Audit Committee of the Board, as at March 31, 2015, consisted of Mr. Subir Ranjan Dasgupta, Mr. Sanjay S Patel and Mr. Prabir Ghosh. Mr. Subir Ranjan Dasgupta, Non-Executive Independent Director, served as the Chairman of the Board.

The Company has established a vigil mechanism / whistle blower policy and oversees through the Audit Committee, the genuine concerns expressed by the employees and other Directors. The Company has also made provisions for adequate safeguards against victimisation of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board as on March 31, 2015, comprised Mr. Padam Kumar Khaitan, a Non-Executive Independent Director, as its Chairman and Mr. Sanjay S Patel and Mr. Subir Ranjan Dasgupta, Non-Executive Independent Directors as its Members.

The Committee formulated the following policy relating to the remuneration for the Directors, KMP and other Executives for recommending the same to the Board :

The Compensation Policy for Executive/ Whole Time Directors & Key Managerial Personnel :

Industry Parity & Equity – compensation of the members of the senior management team to be structured as per the trends & practices in companies of similar size in the industry through a benchmarking activity of compensation structures of similar positions in similar companies.

1. Focus on Variable Compensation – the compensation design of the senior management team members should have a significant proportion of the total cost to company in the form of Performance Based Incentives where the Business Performance of the Company would be the most critical factor for such pay out.
2. The compensation structure should be simple and not have multiple components.
3. The compensation structure should be reviewed periodically through a benchmarking study and necessary changes incorporated to match industry trends & practices.
4. Individual compensation of the senior management team members can be customized within the broad framework of the structure keeping in consideration factors like “performance”; “employability of individual manager” & “need to retain (criticality of the concerned manager to MBE)”.

Board Evaluation

During the year, the Board formulated and adopted a Board Evaluation Framework for evaluating the performance of the Board as a whole, Committees of the Board and the Individual Directors on the Board.

Pursuant to the said Evaluation Framework, the Board evaluated the performance of the Board, its Committees and the Individual Directors for the financial year 2014-15.

The Board was of the view that the performance of the Board as a whole was adequate and fulfilled the parameters stipulated in the evaluation framework in its pro growth activity and facing challenging operational and economic adversities during the year. The Board also ensured that the Committees functioned adequately and independently in terms of the requirements of the Companies Act, 2013 and the Listing Agreement and at the same time supported as well as coordinated with the Board to help in its decision making. The individual Directors' performance was also evaluated and the Board was of the view that the Directors fulfilled their applicable responsibilities and duties as laid down by the listing agreement and the Companies Act, 2013 and at the same time contributed with their valuable knowledge, experience and expertise to grab the opportunity and counter the adverse challenges faced by the Company during the year.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of loans, guarantee or investment made under Section 186 of the Companies Act, 2013 are furnished in the Notes to the Financial Statements for the year ended March 31, 2015.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of Contracts or Arrangements made with related parties pursuant to Section 188(1) of the Companies Act, 2013, furnished in Form AOC -2, is attached to this report as an Annexure.

RELATED PARTY POLICY

The particulars of Contracts or Arrangements made with related parties pursuant to subsection (1) of Section 188 of the Companies Act, 2013 furnished in Form AOC -2, is attached to this report as an Annexure. During the year under review the Company has formulated a Related Party Transaction Policy.

GOING CONCERN STATUS

No significant and material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operation in the future.

RISK MANAGEMENT POLICY

Your Company has a robust Risk Management policy. The management of your Company regularly monitors the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. However, none of the identified risks, in the opinion of the Board, are threatening to the existence of the Company.

ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached to this Report as Annexure G.

STATUTORY AUDITORS

M/s Lovelock and Lewes, Chartered Accountants (FRN: 301056E), the Statutory Auditors of the Company hold office till the conclusion of the Annual General Meeting for the year ended March 31, 2017, under the provisions of Section 139(2) of the Companies Act, 2013, subject to the ratification of the Members of the Company. Accordingly, the ratification of their appointment as the Statutory Auditors of the Company is being placed before the Members at the Annual General Meeting.

SECRETARIAL AUDIT

In terms of the requirements of Section 204 of the Companies Act, 2013 the Secretarial Audit of the Company for the year ended March 31, 2015, was conducted by M/s. J Patnaik & Associates, Company Secretaries. The Secretarial Auditors' Report is attached to this Report as an Annexure and forms part of the Directors' Report. There is no qualification or reservation or adverse remark or disclaimer made by the Secretarial Auditor in the Report.

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 the Financial Year 2014-15.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013, and Rule 8(3) of the Companies (Accounts) Rules, 2014, is given as an Annexure to this report.

INSURANCE

The assets of the Company including building, shed, plant & machinery, etc. are adequately insured.

PARTICULARS OF EMPLOYEES

The particulars of employees and remuneration pursuant to the provisions of Section 197(12) of the Companies Act, 2013, and Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, is given as an Annexure to this report.

CAUTIONARY STATEMENT

Certain statements in the Directors' Report describing the Company's operations, objectives, projections and expectations regarding future performance may constitute 'forward looking statements' with the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied, depending on the economic conditions, Government policies and other incidental factors and developments.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work, active involvement and devoted services rendered. The Directors would also like to thank all the stakeholders, investors including Bankers and other business associates, who have extended their valuable support and encouragement.

This has, understandably, been critical for the Company's success. The Directors look forward to their continued support and understanding in the years to come.

On behalf of the Board of Directors

Annexure A

Information under the provisions of Companies (Accounts) Rules, 2014, forming part of the Directors' Report for the year ended March 31, 2015

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 equipment like DG Sets, AC units have resulted in optimal usage of electrical parts.

In the area of utilizing alternate source of energy, company had installed a wind mill at Satapur village near Jamnagar Dist., having 800 KVA capacity. 1105282 Units were generated from the Wind Mill. The Company has also installed a wind mill at village Sadodar near Jamnagar Dist., having 800 KVA capacity. From this wind mill 1123168 Units were generated. This resulted in revenue generation to the tune of Rs. 176 lacs.

2. Additional investment and proposals for reduction of consumption of energy

There is 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. Development of 50 TPH Skid Mounted Gypsum Crushing Plant.
 - ii. Development of 200 TPH Wheel Mounted Aggregate Crushing Plant with cone crusher.
 - iii. Development of 125 TPH Skid Mounted Aggregate Crushing Plant with cone crusher.
- c) Design & development of 3024 STJC (Single Toggle Jaw crusher).
- d) Development of new range of MSEL Slurry Pumps to achieve High Performance features is continuing. Manufacturing drawings for commercial production of newly developed MP-Series Slurry Pump (discharge pipe size 40mm to 300mm) with following configuration have been released.
 - i. MP Series Pump – Semi open version and Closed impeller design
 - ii. MP Series Pump – Single casing volute design and few double casing & liner volute design.
 - iii. MP Series Pump- both clock-wise (CW) & counter clockwise(CCW) design
- e) Newly developed expeller seal version of MP-Series Slurry Pump have been issued for manufacturing
- f) Environment compliance by products and processes
- g) Testing and validation of new products

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

Followings are the Major benefits from R&D efforts

- a) Increase sales due to product improvements and introduction of new products
- b) Reduction in cost due to product simplification, weight reduction and process improvements
- c) Substitution of imported equipment and components.
- d) Achieving customers' satisfaction and new business opportunities

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 frame on pump power to minimize overall cost of the pumps
- c) Development of slurry pumps for long range trailing disposal pump
- d) Design and Prototype Development of Specialized Machining Centers for our Works at various locations
- e) New design of Skid Mounted Coal Crushing Plant for 600 and 800 TPH

- f) Development of 1200x7300 mm Apron Feeder for Skid Mounted Coal Crushing Plant.
- g) Development of Vibrating Feeder of 2000x3500 mm with unbalance motors
- h) Development of Asphalt Batching Plant of 160 TPH.
- i) Development of Concrete Batching Plant of 75 m³/hr.

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.

(₹ in Lakhs)

| | | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
|----|---|--|--|
| a) | Capital | - | 20 |
| b) | Recurring | 86 | 197 |
| c) | Total R & D Expenditure | 86 | 217 |
| d) | Total R & D Expenditure as a percentage of total turnover | 0.42% | 1.01% |

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

(₹ in Lakhs)

| | | For the Year ended 31st March, 2015 | For the Year ended 31st March, 2014 |
|----|---------------------------------|--|--|
| 1) | Foreign Exchange Earned | 388 | 808 |
| 2) | CIF Value of Import | 250 | 580 |
| 3) | Expenditure in Foreign Currency | | |
| | - Travelling & Royalty | 21 | 21 |

On behalf of the Board of Directors

Subir Chaki

Whole-Time Director

Kolkata, August 12, 2015

Annexure B

MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Developments

The business of the Company is primarily in the comminution and grading equipment for the coal and iron ore sector. The demand for both these sectors is driven by the power and the steel sector. Both these sectors have witnessed a sluggish demand mainly because of bearish prices driven by low demand and surplus supply in the international markets.

The Indian market has not been isolated from the downturn in international markets. With low price realisations for both coal and steel, projects have been stalled or delayed. This has impacted our operations significantly and continues to be the key area of concern.

In addition to low demand, a major issue for the core sector is the cost of capital. The sector is intrinsically capital intensive and the throughput time for manufacture of capital goods is significantly high requiring large working capital. As a result of high cost of capital, there is a tremendous pressure by the end customers to withhold payments and delay despatches from factories. This is further leading to compounding delays of projects. In such an uncertain situation, money market continues to be tight.

The new Government has taken several steps, though slow, in improving the fundamentals required to stimulate growth in the country. The auctioning of the coal blocks in several phases is one such step in the right direction. Similarly, the mining quarries for aggregate have started to be auctioned. This latter step was much needed for expediting investments in the infrastructure sector, mainly ports, roads and bridges and railways. The Ministries responsible for Mining and Steel, Railways, Urban Development and Road Transport and Highways have been granted significant budgets and significant plans are afoot to boost these sectors.

The Company senses this development as a large opportunity to open up and has taken several steps to encash on them in the coming future. The Company sees a rise in demand for infrastructure related products mainly for aggregate, road construction material and steel and is in the process of aligning the product portfolio and capability to address this demand.

Business Scenario and Outlook

Despite poor performance of the relevant sectors, the Company managed to increase the open market order intake from Rs 164 crores to Rs 209 crores. However, the orders from our Group Company continued to fall sharply from Rs 60 crores the previous year to just Rs 29 crores in FY 2014-15, thereby offsetting the gains in the external orders. Apart from project delays, tight finances continued to plague the Company, inhibiting manufacturing plans.

The current financial year will continue to be stressed and the positive steps taken by the new Government is expected to bear results in the later part of the year. The equipment market is widely expected to recover first as the core sector manufacturers would prefer to refurbish / supplement their existing assets rather than embark on major expansions.

The impact of this is already being felt as the inquiries which had significantly trickled out, have started flowing in. There are several enquiries from the iron and steel, power and cement sectors and activities are slowly showing sign of picking up.

Challenges

One of the biggest challenges that the company faces today is high cost of capital. In a depressed market, orders will be limited and contribution margin will be strained due to competitive pressures.

In addition, large customers are continuously trying to reduce their working capital requirement at the cost of equipment manufacturers. The effect of any project delay due to slackening of demand or land issues is passed on to the equipment manufacturers by delaying lifting of equipment. This is expected to bring strain in working capital.

That the cost of borrowing remains very high has added owe to an already difficult situation. The challenge will be to manage the working capital effectively to kept the debts under control.

Another challenge this Company will face is the drawing board to market time of new products like the various road construction equipment, sand making systems and the dry grinding systems which have been initiated in FY 2014-15.

Strategies

Faced with a hostile environment in the power, coal and iron ore and steel sector, the Company has looked inwards into its inherent strengths and tried to find products and business lines drawing synergy with its manufacturing capability.

On this basis, the following strategies have been pursued:

1. The iron ore quality is progressively degrading and the need for beneficiation for value addition is going to increase. The Company has focussed on strengthening internal capability to develop and deliver such beneficiation units on E&P basis. Most of the key equipment of the existing range like screens, crushers, ball mills, pumps and thickeners are used in a beneficiation plant.
2. There are certain equipments in a beneficiation circuit which is not in our current range. They have been identified and a two pronged approach has been taken to fill gaps in capabilities by either technology tie up with manufacturers or developing equipment by in house R&D.
3. In line with the former approach, the Company has signed an agreement with Choquet of France for manufacture of filter press in India. Our engineers and manufacturing team have visited their facilities and the first filter press will roll out by October 2015.
4. Since the coal sector is gradually opening up, the Company has focussed on actively pursuing its marketing efforts to ensure that all enquiries for the crushing and screening plants are captured and addressed promptly. For this a special cell has been created to monitor the new blocks which are being allocated.
5. Simultaneously, a vigorous R&D effort is going on to continuously improve the performance of the skid mounted plants and reduce costs of manufacturing. Both have yielded results and the performance of the new design has improved by nearly 20%. Competition is also active in this area and a close watch is being kept on the developments done by competition.
6. Exploiting the market presence and goodwill of the Sayaji brand in the aggregate sector, the Company has taken a conscious decision in increasing the portfolio of products in this segment. Towards this the following areas have been targeted
 - a. Concrete and Asphalt Batching Plants: The company has identified and entered into a strategic alliance in the form of a Joint Venture with Fujian South Highway Machinery Co. Ltd (NFLG), a very large organisation in China, for manufacture of these plants in the Vadodara unit. The design engineers are now working with the Chinese counterparts to translate and transfer the designs and drawings and manufacturing processes.
 - b. Dry Mortar manufacturing Plants: This is an equipment of the coming future and already several live enquiries have been received. Under the JV agreement, MSEL will source the Dry Mortar Plants from NFLG of China and sell in India.
 - c. Mobile Crushing and Screening Plants: The Company has a tie up with Yifan, a reputed manufacturer of China for this equipment range. Yifan had earlier a tie up with Voltas which has now become void with Voltas exiting from this business. An organisation is being put in place to address this market.

In the FY 2014 -15, the company received orders from the following sectors

| | |
|----------------|-----|
| Coal | 35% |
| Iron Ore | 20% |
| Steel | 18% |
| Infrastructure | 7% |
| Zinc & Copper | 4% |
| Uranium | 4% |
| Other sectors | 12% |

As evident from the above, there is a heavy dependence on Coal, Iron Ore and Steel and Infrastructure sectors. Except for mining of coal (which consists of 11% out of a total of 35% of our business) the other sectors have languished.

Discussion on Financial Performance with respect to Operational Performance.

The Company had a total Income of Rs. 21,270 lakhs for the year 2014-15. The Net Loss stood at Rs. 2853 lakhs as against net profit in the previous year of Rs. 116 lakhs. Reserves of the Company stood at Rs. 15,684 lakhs as at 31st March, 2015. The gross block of fixed assets was Rs. 28,548 lakhs and net block was Rs. 19,374 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 undertakes 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, Government policies, economic development within India and the overseas market with which the Company has business relations and various other incidental factors.

On behalf of the Board of Directors

Kolkata, August 12, 2015

Subir Chaki
Whole-time Director

Annexure C

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE), the report containing the details of the Company's policies on Corporate Governance and due compliance report on specific areas wherever applicable for the year ended March 31, 2015 are given hereunder:-

I. Company's Philosophy :

The Company continues to commit itself to maintain 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 levels of transparency, appropriate compensation schemes and the prevention of conflict of interests.

II. Governance Structure with defined roles and responsibilities :

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established various Committees to discharge its responsibilities in an effective manner. The Company Secretary of the Company acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 1956 / Companies Act, 2013. The Chairman provides overall direction and guidance to the Board. In the operations and functioning of the Company, the Chairman is assisted by the Whole Time Director and a core group of senior level executives.

The Company has also instituted a legal compliance programme, supported by a strict internal reporting system that covers the Company's various project site as well as its subsidiaries. The purview of this system includes various statutes, such as industrial and labour laws, taxation laws, corporate and securities laws and health, safety and environment regulations.

III. Corporate Governance practices :

The Company maintains the highest standards of Corporate Governance. It is the Company's constant endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies. Some of the best implemented governance norms include the following:

- All securities related filings with Stock Exchanges and SEBI are reviewed every quarter by the Company's Stakeholders' Relationship Committee of Directors.
- The Company has independent Board Committees for matters related to Corporate Governance and stakeholders' interface and nomination of Board members.
- The Company's internal audit is conducted by experienced professionals.
- The Company also undergoes annual secretarial audit conducted by an independent company secretary who is in whole-time practice. The annual secretarial audit report placed before the Board and is included in the Annual Report.

IV. Board of Directors :

a. Composition of the Board :

The Board of Directors comprises eight members at the end of the financial year, consisting of seven Non-Executive Directors who account for 87 percent of the Board's strength as against minimum requirement of 50 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 is as under :

| Name of Directors | Category of Directors | No. of other Directorships held # | | No. of other Board Committee(s) of which he/she | | No. of shares held in the Company as at March 31, 2015 |
|----------------------------------|-----------------------------------|-----------------------------------|---------|---|------------------|--|
| | | Public | Private | Is a member | Is a Chairperson | |
| Mr. Deepak Khaitan ¹ | Promoter - Non Executive Chairman | 8 | 1 | 1 | - | - |
| Mr. Subir Chaki | Professional - Executive | 1 | 1 | - | - | - |
| Mr. Subir Ranjan Dasgupta | Independent - Non Executive | 2 | 7 | 2 | - | - |
| Mr. Prabir Kumar Ghosh | Non Executive | 2 | - | 2 | - | 300 |
| Mr. Prasanta Kumar Chandra | Non Executive | 2 | 2 | 2 | - | - |
| Mr. Padam Kumar Khaitan | Independent - Non Executive | 8 | 4 | - | - | - |
| Mr. Sanjay S Patel | Independent - Non Executive | - | 1 | - | - | - |
| Mr. Heath Brian Zarin | Non Executive | - | - | - | - | - |
| Mrs. Tehnaz Punwani ² | Additional - Non Executive | 1 | 1 | - | - | - |

1. Due to the sad demise of Late Deepak Khaitan the position of Executive Chairman of the Company has been vacated w.e.f 9th March, 2015.

2. Mrs. Tehnaz Punwani was appointed as an Additional Non-Executive Director of the Company w.e.f 30th March, 2015.

Excluding Foreign Companies.

- All independent directors have confirmed their independence to the Company.
- The non-executive directors have no pecuniary relationship or transactions with the Company in their personal capacity.
- None of the directors are related to each other in terms of the provision of the Companies Act, 2013.
- The information as mentioned in Annexure – X of Clause 49 of the Listing Agreement with the Stock Exchange is made available to the Board members. The Board periodically reviews compliance reports of all laws applicable to the Company and the steps taken to rectify instances of non-compliance.
- The Company has adopted the Code of Conduct for the Whole Time Director, Senior Management Personnel and other employees of the Company. It has also adopted a separate Code of Conduct for the Non-Executive Directors and Independent Directors of the Company. Both the Codes of Conduct are posted on the website of the Company. A declaration to this effect signed by the Whole Time Directors is attached to this report.
- 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.
- No convertible instruments are held by non-executive directors.

b. Selection of Independent Directors:

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance

with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under applicable laws.

c. Familiarisation programmes for Board Members:

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments were made at the separate meetings of the Independent Directors held during the year.

d. Details of remuneration paid/payable to Non Executive Directors:

| Name of the Directors | Sitting fees paid during the year (in Rs) |
|----------------------------|---|
| Mr. Deepak Khaitan | 20,000 |
| Mr. Subir Ranjan Dasgupta | 1,00,000 |
| Mr. Prabir Ghosh | 40,000 |
| Mr. Prasanta Kumar Chandra | 20,000 |
| Mr. Padam Kumar Khaitan | 70,000 |
| Mr. Sanjay S Patel | - |
| Mr. Heath Brian Zarin | - |
| Mrs. Tehnaz Punwani | - |
| TOTAL | 2,50,000 |

e. Details of remuneration paid/payable to the Whole Time Director: (In ₹ Lakhs)

| Particulars | Mr. Subir Chaki |
|---|-----------------|
| Salary | 80.40 |
| Performance Bonus | - |
| Contributions to Provident Fund and other funds | 6.51 |
| Perquisites | 5.81 |
| Total remuneration | 92.72 |

Notes:

- None of the Non-executive Directors receive any remuneration from the Company apart from the sitting fees for meetings attended by them.
- Mr. Subir Chaki's tenure as the Whole Time Director of the Company had come to an end as at January 8, 2015. Subsequently, the Board of Directors of the Company, at their meeting held on January 22, 2015, recommended for a further extension of tenure by two years beginning from January 9, 2015. The said proposal was placed before the Members of the Company at an Extraordinary General Meeting held on May 4, 2015. The proposal was adopted by a Special Resolution of the Members of the Company at the said meeting.
- The resolution for appointing the Whole Time Director does not provide for payment of severance fees.

f. Board Meetings and attendance of Directors:

- 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.
- During the year, 6 Board Meetings were held on May 29, 2014, August 14, 2014, November 14, 2014, January 22, 2015, February 12, 2015 and March 30, 2015. The Ministry of Corporate Affairs vide General

Circular No. 28/2011, dated 20.05.2011, has permitted the participation of Directors in Board Meetings through electronic mode. As permitted by the aforesaid circular, some of the Directors participated through electronic mode at the aforesaid Board Meeting.

- (iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2015 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 | 6 | No |
| Mr. Subir Ranjan Dasgupta | 6 | Yes |
| Mr. Prabir Kumar Ghosh | 6 | Yes |
| Mr. Prasanta Kumar Chandra | 6 | Yes |
| Mr. Padam Kumar Khaitan | 6 | No |
| Mr. Sanjay S Patel | 1 | No |
| Mr. Heath Brian Zarin | 2 | No |
| Mrs. Tehnaz Punwani | - | No |

g. Code of conduct:

The Code of Conduct of the Company as adopted by the Board of Directors is applicable to all Directors, senior management and employees of the Company. The Code is available on the Company's corporate website.

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 employees while in possession of unpublished price sensitive information in relation to the Company.

V. Audit Committee

The role and terms of reference of the Audit Committee includes the areas laid down in Section 177 of the Act and Clause 49 III (D) of the Listing Agreement. The powers of the Audit Committee are in accordance with Clause 49 III (C) of the Listing Agreement. The Audit Committee also reviews the information stipulated under Clause 49 III (E) of the Listing Agreement.

Brief descriptions of the terms of reference of the Audit Committee are as follows:

1. 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;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition:

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

Mr. S R Dasgupta (Chairman, Independent Director)

Mr. Sanjay S Patel (Independent Director)

Mr. Prabir Ghosh (Non-Executive Director)

All the members of the Audit Committee are Non-executive Directors. The Committee has elected Mr. S.R. Dasgupta as its Chairman. All the members of Audit Committee are financially literate and have accounting expertise.

The Audit Committee Meetings were held on May 29, 2014, August 14, 2014, November 14, 2014 and February 12, 2015. The attendance of each Audit Committee member is as under:

| Name of Audit Committee Member | Number of meetings attended |
|--------------------------------|-----------------------------|
| Mr. S R Dasgupta | 4 |
| Mr. Sanjay S Patel | 0 |
| Mr. Prabir Ghosh | 4 |

At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors, CFO and Company Secretary, who is acting as Secretary to the Audit Committee, also attend the Audit Committee Meetings to respond to queries raised at the Committee Meetings.

VI. Nomination and Remuneration Committee

The name of the existing Remuneration Committee was changed to Nomination and Remuneration Committee in compliance with Section 178 (1) of the Companies Act, 2013 and Clause 49 IV (B) of the Listing Agreement.

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

- a. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- b. To carry out evaluation of every Director's performance
- c. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- d. To formulate the criteria for evaluation of Independent Directors and the Board.
- e. To recommend/review remuneration of the Executive Director(s) and Whole-time Director(s) based on their performance.
- f. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- g. To perform such other functions as may be necessary or appropriate for the performance of its duties.

Composition:

The composition of the Committee is as under:

Mr. Padam Kumar Khaitan (Chairman, Independent Director)

Mr. Sanjay S Patel (Independent Director)

Mr. Subir Ranjan Dasgupta (Independent Director)

The Nomination & Remuneration Committee of the Company met thrice during the year on May 29, 2014, January 19, 2015, and March 30, 2015. The attendance of the members of the Remuneration Committee was as follows:

| Name of Remuneration Committee Member | Number of meetings attended |
|---------------------------------------|-----------------------------|
| Mr. Padam Kumar Khaitan | 3 |
| Mr. Sanjay S Patel | 1 |
| Mr. Subir Ranjan Dasgupta | 3 |

Remuneration Policy:

Remuneration of employees largely consists of basic remuneration, perquisites 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 the organization and reward merit.

VII. Stakeholders Relationship Committee

The name of the existing Investors Grievance Committee was changed to Stakeholders Relationship Committee in compliance with Section 178(5) of the Companies Act, 2013 which requires the Chairperson of the Committee to be a non executive Director. Therefore the Committee was reconstituted as follows:

Mr. Subir Ranjan Dasgupta (Chairman, Independent Director)

Mr. Padam Kumar Khaitan (Independent Director)

Mr. Subir Chaki (Wholetime Director)

The Stakeholders Relationship Committee of the Company met four times during the year on May 29, 2014, August 14, 2014, November 14, 2014, and February 12, 2015. The attendance of the members of the Stakeholders Relationship Committee was as follows:

| Stakeholders Relationship Committee Member | Number of meetings attended |
|--|-----------------------------|
| Mr. Subir Ranjan Dasgupta | 4 |
| Mr. Padam Kumar Khaitan | 4 |
| Mr. Subir Chaki | 4 |

All Investors complaints, which cannot be settled at the level of the Registrars - Maheshwari Datamatics Private Limited and the Company Secretary and the Compliance Officer, will be forwarded to the Stakeholders Relationship Committee for final settlement.

Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2014-15.

| Nature of complaints | Pending as on April 1, 2014 | Received during the year | Replied/ resolved during the year | Pending as on March 31, 2015 |
|-----------------------------------|-----------------------------|--------------------------|-----------------------------------|------------------------------|
| Non receipt of Dividend Warrants | 0 | 2 | 2 | 0 |
| Non receipt of Share certificates | 0 | 0 | 0 | 0 |
| Non receipt of Annual Reports | 0 | 0 | 0 | 0 |
| Total | 0 | 2 | 2 | 0 |

Investors' complaints are generally redressed within fifteen days from their lodgement.

The Company confirms that there were no share transfers lying pending as on March 31, 2015, and all requests for dematerialization and re-materialization of shares as on that dates were confirmed/ rejected into the NSDL / CDSL system.

VIII. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on May 29, 2014 by the Board under Section 135 of the Companies Act, 2013 which is as under :

Mr. Sanjay S Patel (Chairperson, Independent Director)

Mr. Subir Ranjan Dasgupta (Independent Director)

Mr. Subir Chaki (Wholetime Director)

The Committee is to formulate and recommend to the Board, a Corporate Social Responsibility Policy regarding the activities to be undertaken by the Company as specified in Schedule VII of the Act. The Committee shall also recommend the amount of expenditure to be incurred on the activities as mentioned above and monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year a meeting of the Corporate Social Responsibility Committee was held on May 29, 2014, which was attended by Mr. Subir Chaki and Mr. Subir Ranjan Dasgupta.

IX. Meeting of Independent Directors

During the year a meeting of the Independent Directors was held on 30th March, 2014, which was attended by Mr. S.R. Dasgupta, Mr. Padam Khaitan and Mr. Sanjay S Patel.

X. Subsidiary Companies:

The Company does not have any subsidiary company.

XI. Disclosures

- The Company has adopted a policy on dealing with Related Party Transactions and the same is disclosed at the website of the Company.

- b. Disclosure of Accounting Treatment: 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 an arm's length basis.
- c. The Company has adopted a Risk Management Policy and has laid down procedures for informing the Board members about the risk assessment and minimization procedures in accordance with clause 49(VI) of the Listing Agreement with the Stock Exchange.
- d. The Company has formulated a Whistle Blower Policy and established a Vigil Mechanism for Directors and Employers and same has been disclosed in the Company's website. The Management affirms that no personnel has been denied access to the Audit Committee.
- e. The management has informed the Board in accordance with Clause 49(VIII)(D)(2) of the Listing Agreement that they are not having any personal interest in material, commercial and financial transactions of the Company that may have potential conflict with the interest of the Company at large.
- f. The Whole Time Director and the CFO have given the necessary certificates as required under Clause 49(IX) of the Listing Agreement.
- g. The Company has issued formal appointment letters to all Independent Directors appointed under the provisions of the Companies Act, 2013, and the terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company.
- h. The Company has adopted a policy on remuneration for Directors, Key Managerial personnel and other employees and has laid down evaluation criteria for Independent Directors. Both the above policies are available in Annexure F of the Annual Report. The policy on Independent Director's familiarization and continuing education programme is available at the Company's Website.
- i. Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – Nil.
- j. None of the non-executive director has any pecuniary relationship or transactions with the company.
- k. All the mandatory requirements have been appropriately complied with.
- l. All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- m. Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under the provisions of Clause 49 of the listing agreement with Stock Exchange.
- n. 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 interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.

XII. 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:

i. The Board:

No separate office was maintained for non-executive Chairman and therefore during the year under review, no expenses were incurred in connection therewith.

ii. Remuneration Committee:

Details are given under the heading 'Remuneration Committee'.

iii. Shareholder 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.

iv. Separate posts of Chairman and CEO

Mr. Deepak Khaitan held the post of non-executive chairman while Mr. Subir Chaki holds the post of Whole Time Director. The Company does not have a Managing Director

v. Reporting of Internal Auditor

The reports of the Internal Auditors are periodically placed both before the Audit Committee and the Board of Directors of the Company.

XIII. Compliance Certificate

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

XIV. General Body Meetings

The details of General Meetings held in the last three years are as under:

| AGM | Day | Date | Time | Venue |
|------|----------|--------------------|-----------|--|
| 68th | Thursday | September 27, 2012 | 12.30 p.m | 7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAI/Blk 3), New Town, Rajarhat, Kolkata – 700160 |
| 69th | Thursday | September 26, 2013 | 03.30 p.m | 7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAI/Blk 3), New Town, Rajarhat, Kolkata – 700160 |
| 70th | Tuesday | July 29, 2014 | 03.00 p.m | 7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAI/Blk 3), New Town, Rajarhat, Kolkata – 700160 |

Annual General Meeting:
Details of Special Resolutions adopted in the previous 3 AGMs:

The following special resolutions were adopted in the Annual General Meeting of the Company during the past 3 financial years and e voting facilities were made available to the shareholders:

| Particulars of Resolution | Resolution adopted on | No. of shares and % of Votes in Favour | No. of shares and % of Votes against |
|--|-----------------------|---|--------------------------------------|
| Increasing the borrowing limit under section 180 (1) (c) | July 29, 2015 | 67,29,696 100% of the valid votes casted | Nil, 0.00% of the valid votes casted |
| Creation of Mortgage or Charge under Section 180 (1) (a) | July 29, 2015 | 67,29,696 100% of the valid votes casted | Nil, 0.00% of the valid votes casted |
| Increasing the limits of loan & investments under section 186 | July 29, 2015 | 67,29,696 100% of the valid votes casted | Nil, 0.00% of the valid votes casted |
| Appointment of Mr. Subir Chaki as Whole Time Director of the Company | September 27, 2012 | N.A* | N.A* |

*e-voting facilities were not required to be provided under the provisions of the Companies Act, 1956, as were then applicable.

Mr. Jitendra Patnaik, a Practicing Company Secretary, was appointed scrutinizer to scrutinize the e-voting process.

XV. Means of Communication:

Quarterly results:

- | | |
|--|--|
| (i) Which newspapers normally published in | Financial Express (English) Arthik Lipi (Bengali), Kolkata |
| (ii) Any web site, where displayed | http://mcnallysayaji.com/ |
| (iii) 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. |

XVI. General Shareholder Information

a. 71st Annual General meeting to be held:

Day, Date, time and venue :

| | | |
|-------|---|--|
| Day | : | Monday |
| Date | : | September 28, 2015 |
| Time | : | 11:00 a.m |
| Venue | : | Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAll/Blk 3), New Town, Rajarhat, Kolkata - 700160 |

b. Financial Year : 2015-2016

| | | |
|--|---|---------------------------------|
| First Quarterly Results | : | On or before 14th August 2015 |
| Second Quarterly Results | : | On or before 15th November 2015 |
| Third Quarterly Results | : | On or before 15th February 2016 |
| Audited Yearly Results for the Year ended March 31, 2016 | : | On or before 31st May, 2016 |

c. Period of Book Closure : September 21, 2015, to September 27, 2015 (both days inclusive)

d. Listing on Stock Exchanges:

The Equity shares of the Company are listed at the following Stock Exchanges:

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

The Annual listing fees have been paid to all the Stock Exchanges. The International Securities Identification Number (ISIN) for the Company's shares in dematerialized form is INE105E01011

e. Market Price Data:

There was no trading in the company's shares at any of the Stock Exchanges listed in during the Financial Year 2014-15 and, hence, no share price data is provided. However the shares of the Company were issued on a preferential basis at a price of Rs. 186 per share in Financial Year 2009-10.

f. Share Transfer Agents:

The Company has engaged the services of Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata 700001, a SEBI registered Registrar, as their Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trading in Company's shares can now be done only in the dematerialized form, request for Demat and Remat should be sent directly to Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata 700001. Shareholders have the option to open their Accounts with a Depository Participant having connectivity with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

g. Share Transfer System:

As already stated, the Company's shares are traded in the Stock Exchanges compulsorily in Demat mode. Therefore, Investors/Shareholders are requested to kindly note that physical documents, viz. Demat Request Form (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the DP's to send the DRF and the Share Certificates beyond 7 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 Agents beyond a period of 15 days. Investors/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.

h. Distribution of Shareholding as on March 31, 2015:

| No. of Shares | No. of holders | % of total holders | No. of shares | % of total shares |
|-----------------|----------------|--------------------|----------------|-------------------|
| 1 to 500 | 943 | 86.83 | 239624 | 2.67 |
| 501 to 1000 | 80 | 7.37 | 72100 | 0.80 |
| 1001 to 2000 | 25 | 2.30 | 38750 | 0.43 |
| 2001 to 3000 | 9 | 0.83 | 22601 | 0.25 |
| 3001 to 4000 | 7 | 0.64 | 25700 | 0.29 |
| 4001 to 5000 | 5 | 0.46 | 24300 | 0.27 |
| 5001 to 10000 | 5 | 0.46 | 33100 | 0.37 |
| 10001 and above | 12 | 1.11 | 8533098 | 94.92 |
| Total | 1086 | 100.00 | 8989273 | 100.00 |

i. Pattern of Shareholding as on March 31, 2015:

| | Category | No. of Holders | No. of Shares |
|---|---------------------------------|----------------|------------------|
| 1 | Promoter & Promoter Group | | |
| | - Individual/HUF (Indian) | - | - |
| | - Bodies Corporate (Indian) | 4 | 6,729,698 |
| | - Individual/HUF (Foreign) | - | - |
| | - Bodies Corporate (Foreign) | - | - |
| 2 | Mutual Funds | - | - |
| 3 | Financial Institutions/Banks | - | - |
| 4 | Insurance Companies | - | - |
| 5 | Foreign Institutional Investors | 1 | 1,340,000 |
| 6 | Domestic Companies | 13 | 452,001 |
| 7 | Foreign Companies | - | - |
| 8 | Resident Individual | 1,062 | 417,074 |
| 9 | Non Resident Individual | 6 | 50,500 |
| | Total | 1,086 | 8,989,273 |

j. Dematerialization of Shares:

As on March 31, 2015, 8,725,673 Shares of the Company's total shares representing 97.07% shares were held in dematerialized form and the balance 2.93% representing 263,600 shares were in paper form.

k. 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.

l. 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

m. Address of Correspondence:

The Company's Registered Office is situated at 4, Mangoe Lane, Kolkata 700001.

Shareholders' correspondence should be addressed to:

McNally Sayaji Engineering Limited

4, Mangoe Lane, Kolkata – 700 001

Contact person:

Company Secretary

Telephone Nos: 66281212

Fax No: 66282277, E-mail: mse.corp@mbecl.co.in

Maheshwari Datamatics Private Limited

6 Mangoe Lane, 2nd Floor, Kolkata - 700 001

Contact person:

Mr. S. Rajagopalan, Vice President

Telephone Nos: 2243-5029/ 5809

Fax No: 2248-4787, E-mail: mdpldc@yahoo.com

On behalf of the Board of Directors

Subir Chaki

Whole-time Director

Kolkata, August 12, 2015

Declaration by the CEO & CFO under Clause 49 of the listing agreement regarding adherence to the Code of Conduct

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, we 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 March 31, 2015.

For McNally Sayaji Engineering Limited
Subir Chaki
Whole-time Director
Uttam Tekriwal
CFO

Kolkata, April 1, 2015

Auditors' Report on Corporate Governance for the Financial Year ended March 31, 2015

To
The Members of
McNally Sayaji Engineering Limited

We have examined the compliance of conditions of Corporate Governance by McNally Sayaji Engineering Limited, for the year ended on 31st March, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has 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 the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **J. Patnaik & Associates**
Company Secretaries

Place: Kolkata
Date: 12.08.2015

J. Patnaik
Proprietor
FCS: 5045, CP: 3102

Annexure D

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
McNally Sayaji Engineering Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by McNally Sayaji Engineering Limited (hereinafter called "the company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by McNally Sayaji Engineering Limited ("the Company") for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (v) Factories Act, 1948
- (vi) The Minimum Wages Act, 1948
- (vii) The Payment of Gratuity Act, 1972
- (viii) The Child Labour (Prohibition & Regulations) Act, 1986
- (ix) The Environment (Protection) Act, 1986, Read with the Environment (Protection) Rules, 1986]
- (x) The Water (Prevention & Control of Pollution) Act, 1974
[Read with Water (Prevention & Control of Pollution) Rules, 1975
- (xi) The Air (Prevention & Control of Pollution) Act, 1981.
(Read with the Air (Prevention & Control of Pollution) Rules, 1982)

I have also examined compliance with the applicable clauses of the followings:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Though SS-1 and SS-2 are applicable with effect from 01/07/2015).

- (ii) The Listing Agreements entered into by the Company Vadodara Stock Exchange Limited, Ahmedabad Stock Exchange Limited and Delhi Stock Exchange Limited;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

In respect of other laws specifically applicable to the Company, I have relied in information/records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no instances of:

- i) Public/ Right/ Preferential issue of shares/ debentures/ sweat equity
- ii) Redemption/ buy back of securities
- iii) Merger/ amalgamation/ reconstruction, etc
- iv) Foreign technical collaborations
- v) Entering into any events, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

S/d **Mr. J Patnaik**

J Patnaik & Associates

Place: Kolkata
Date: 29.05.2015

FCS No.: 5045
C P No.: 3102

Annexure E

Particulars of Employees

Particulars of employees and remuneration pursuant to the provisions of Section 197(12) of the Companies Act, 2013, and Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

- (1) (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Executive Directors

| | Remuneration | Ratio to the median remuneration |
|---|------------------|----------------------------------|
| Mr. Subir Chaki - Whole Time Director | Rs. 9,272,864.30 | 20.24:1 |

Non Executive Directors

| | | |
|---|--------------|--------|
| Mr. Deepak Khaitan - Non Executive Director | Rs. 20,000 | 0.04:1 |
| Mr. Prabir Ghosh - Non Executive Director | Rs. 40,000 | 0.08:1 |
| Mr. Prasanta Kumar Chandra - Non Executive Director | Rs. 20,000 | 0.04:1 |
| Mr. Padam Kumar Khaitan - Independent Director | Rs. 70,000 | 0.15:1 |
| Mr. Sanjay S Patel - Independent Director | - | - |
| Mr. Heath Brian Zarin - Independent Director | - | - |
| Mrs. Tehnaz Punwani - Independent Director | - | - |
| Mr. Subir Ranjan Dasgupta - Independent Director | Rs. 1,00,000 | 0.21:1 |

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

| Name | Designation | Percentage Change |
|----------------------------|-------------------------|-------------------|
| Mr. Deepak Khaitan | Non Executive Director | Nil |
| Mr. Prabir Ghosh | Non Executive Director | Nil |
| Mr. Prasanta Kumar Chandra | Non Executive Director | Nil |
| Mr. Padam Kumar Khaitan | Independent Director | Nil |
| Mr. Sanjay S Patel | Independent Director | Nil |
| Mr. Heath Brian Zarin | Independent Director | Nil |
| Mrs. Tehnaz Punwani | Independent Director | Nil |
| Mr. Uttam Tekriwal | Chief Financial Officer | Nil |
| Mr. Arunabha Acharya | Company Secretary | Nil |

- (iii) The percentage increase in the median remuneration of employees in the financial year;
None

- (iv) The number of permanent employees on the rolls of company;
334

- (v) The explanation on the relationship between average increase in remuneration and company performance;
Not Applicable
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;
The total compensation paid to Key Managerial Personnel (including executive director) constituted (4.89)% of the net profits of the year.

- (vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

Currently, no active trading takes place at the Stock Exchanges where the Company is listed. Hence, market prices of the Company's shares aren't available. Hence, market capitalisation and market capitalisation amount and price earnings ratio haven't been provided.

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Average percentile increase already made in the salaries of employees in the last financial year (barring KMPs, including CFO & CS) = Nil

Percentile increase in the managerial remuneration in the last financial year (including CFO & CS) = Nil

- (ix) Comparison of the remuneration of each Key Managerial Personnel against the performance of the company;

| | Mr. Subir Chaki | Mr. Uttam Tekriwal | Mr. Arunabha Acharya |
|-----------------------------------|------------------------|---------------------------|-----------------------------|
| | Whole Time Director | Chief Financial Officer | Company Secretary |
| Remuneration | Rs. 9,272,864.30 | Rs. 3,942,000 | Rs. 486,320 |
| As a % of Turnover | 0.44% | 0.19% | 0.02% |
| As a % of Profit/(Loss) After Tax | (3.25)% | (1.38)% | (0.17)% |

- (x) The key parameters for any variable component of remuneration availed by the directors;

The Whole Time Director of the Company is entitled to performance based incentives as per terms of employment approved by the Shareholders of the Company. The incentive payout is determined based on the performance of the Whole Time Director and the financial performance of the Company. During the period 2014-15, the Company has paid no performance incentive to the Whole Time Director.

None of the Non-Executive Directors of the Company has received any variable remuneration.

- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

For the financial year ended March 31, 2015, no employee of the company received a remuneration that is higher than the remuneration of the highest paid director.

- (xii) Affirmation that the remuneration is as per the remuneration policy of the company.

The remuneration paid during the financial year ended 31st March, 2015 is in terms of the Remuneration Policy of the Company.

On behalf of the Board of Directors

Subir Chaki

Whole-time Director

Kolkata, August 12, 2015

Information pursuant to Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014:

| Name | Designation | Permanent or Contractual | Qualifications | Total Experience | DoJ | Age | Previous Employment & Designation |
|-------------------|--|--------------------------|---|------------------|----------------------|-----|---|
| Mr. Subir Chaki | Whole Time Director | Permanent | B Tech (1983), ICWA (1985), PGDGM (1988) | 32 | October 1, 2011 | 55 | Eveready Industries India Limited (President – Manufacturing) |
| Mr. Mohan Bhasker | Senior Vice President | Permanent | BE (1987), Post Graduate Diploma in International Management (1992-93) | 28 | May 3, 1993 | 51 | Karthik Electricals (Business Manager) |
| Mr. Nilanjan Roy | Senior Vice President – Business Development | Permanent | B. Sc (Engg.) – Mechanical (1977) | 38 | November 21, 2005 | 60 | Hyderabad Industries Limited (General Manager) |

Annexure F

Remuneration Policy

1. Preamble

Section 178 of the Companies Act, 2013 requires every Listed Company and certain other class of Companies to adopt a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee set up, pursuant to above Section is to formulate the criteria for determining qualifications and positive attributes and independence of a Director and recommend to the Board the above Policy for adoption. Clause 49 of the Listing Agreement also contains a similar provision. Additionally it requires, a Policy on Board diversity. The Company is also required to disclose the Remuneration Policy in its Annual Report.

2. Policy

In compliance of the above requirements the Board of Directors of McNally Sayaji Engineering Limited, being a Listed Company, has adopted this Remuneration Policy.

3. Policy Objectives

The aims and objectives of the Policy may be summarised as under:-

- a. The Remuneration Policy aims to enable the company to attract, retain and motivate appropriately qualified Persons/Members for the Board and Executive level.
- b. The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account Shareholder interests, industry standards and relevant Indian corporate regulations.
- c. The Remuneration Policy seeks to ensure that the interests of the Board Members and Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the “pay-for-performance” principle.
- d. The Remuneration Policy will ensure that the remuneration to Directors and Executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. Principles of Remuneration

I. Transparency:

The process of remuneration management shall be transparent, unbiased and impartial and conducted in good faith and in accordance with appropriate levels of confidentiality.

II. Performance Driven Remuneration:

The Company should follow the culture of performance driven remuneration by way of implementation of performance incentive system and annual assessment.

III. Affordability and Sustainability:

The Company shall ensure that the remuneration at various levels is affordable and is capable of being sustained.

IV. Flexibility:

While the remuneration packages at various levels should be standardised, there should be enough scope to make it flexible with a view to reward candidates with exceptional qualities and competence.

V. Internal Equity:

The Company shall strive to remunerate the Board Members and other Executives in terms of their roles and responsibilities undertaken within the Organisation. Their contribution and value addition for the growth of the Company shall be counted while fixing their remuneration and subsequent promotion. The same principle shall also be observed for other Executives.

VI. External Equity:

With a review to retain the best talents, the Company shall on a continuous basis procure information relating to market trend of remuneration packages being offered by various Companies in the same sector and try to match the remuneration accordingly.

VII. Non-Monetary Benefits:

The Company may consider extending certain Non-monetary Benefits with a view to offer social security to the families of the present and the past employees of the Company.

5. Remuneration for Directors in Whole Time Employment

The Board of Directors subject to the approval of the Shareholders at a General Meeting approves the remuneration payable to the Whole Time Director based on the recommendation of the Nomination and Remuneration Committee. Executive Director's remuneration is reviewed annually against performance, keeping in view the size and complexity of business and challenges encountered during the period under review.

The remuneration package of the Executive Director shall comprise of the following components.

a) Basic Salary:

The basic salary shall be fixed within a salary grade.

b) Bonus:

The Executive Directors may be granted performance bonus not exceeding 6 months' salary in a year, as may be approved by the Board.

c) Reimbursement:

In addition to the salary and performance bonus payable, the Board may subject to/pursuant to the approval of the shareholders at a general meeting, grant reimbursements to the Executive Directors as the Board may deem fit within a fixed scale.

d) Variable Pay and Other Benefits:

As may be determined by the Board of Directors from time to time.

e) Sitting Fees:

The Executive Directors will not be entitled to any fee for attending the Meetings of the Board of Directors and Committees thereof.

6. Remuneration of Non- Executive Directors**I. Sitting Fees:**

The Non-Executive Directors shall be paid Sitting Fees for attending the Board and Committee Meetings as may be approved by the Board based on the recommendation of the Nomination and Remuneration Committee subject to the ceiling fixed in the Companies Act, 2013. They are also be reimbursed travelling and out of pocket expenses on actual basis for attending the meetings, as may be approved by the Board from time to time.

II. Commission:

Subject to the approval of the Members at a General Meeting, the Board may decide to pay commission on net profits to the Non- Executive Directors subject to the ceiling stipulated in the Companies Act, 2013.

7. Remuneration of Key Managerial Personnel and Other Executives

The Director, Key Managerial Personnel or other executives shall be paid monthly remuneration as per the Company's HR policies and / or as may be approved by the Committee. The break-up of the pay scale, bonus and quantum of perquisites including, housing, car, medicals, leave travel allowance, club fees, leave encashment, insurance, retiral benefits and other perquisites and allowances etc. shall be as per the Company's HR policies.

In case any of the relevant regulations require that remuneration of the Key Managerial Personnel or other executives is to be specifically approved by the Committee and / or the Board of Directors, then such approval will be accordingly procured.

8. Role of Nomination & Remuneration Committee

The role and responsibilities of the Nomination and Remuneration Committee shall be as prescribed in Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

9. Selection Of Board Members

- i. Nomination of a suitable person for appointment as a Director is a major responsibility of the Nomination and Remuneration Committee. The objective is to ensure that the Company's Board is competent at all points of time to be able to take decisions commensurate with the size and scale of operations and complexities of business. The Committee is to promptly identify candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board, after due consideration decides on the selection of the right candidate for appointment.
- ii. While considering nomination of candidates for appointment on the Board, the Nomination and Remuneration Committee will consider candidates not only from the field in which the Company operates but also from other professional areas like management, finance, accountancy, law, banking, merchant banking etc., with the objective of maintenance of Board diversity. The Committee shall also consider the following qualifications like possessing basic academic qualification, requisite knowledge, experience and business skills that will benefit the Company and its business operations.
- iii. At the time of considering the candidates for appointment as Director the criteria for determining positive attributes shall inter alia include the following :-Achiever, constructive, creative, decisive, deliberative, devoted, diligent, disciplined, dynamic, enterprising, focused, result oriented, self confident, sees the whole picture.
- iv. While considering candidates for appointment as an Independent Director, the Nomination and Remuneration Committee shall consider the criteria for determining independence of a candidate as provided in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder as also in Clause 49 of the Listing Agreement

10. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board, removal of a Director, Key Managerial Personnel or other executives subject to the provisions and compliance of the said Act, rules and regulations.

11. Retirement

The Director, Key Managerial Personnel or other executives shall retire as per the applicable provisions of the Act and the prevailing policy of MSEL. The Board will have the discretion to retain the Director, Key Managerial Personnel or other executives in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of MSEL.

12. Approval and Disclosure

This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.

This policy shall be accordingly disclosed as part of the Board's Report.

13. Amendment

The right to interpret /amend/modify this Policy vests in the Board of Directors of the Company.

On behalf of the Board of Directors

Subir Chaki

Whole-time Director

Kolkata, August 12, 2015

CRITERIA FOR EVALUATION OF THE INDEPENDENT DIRECTORS AND THE BOARD

The Nomination and Remuneration Committee has approved the following criteria for evaluation of Independent Directors and the Board in terms of clause 49(II)(B)(5)(a) of the Listing Agreement with the Stock Exchanges:

- I. Regular attendance in Board Meetings
- II. Participation in discussions and contributions made
- III. Expression of independent opinion on various matters taken up by the Board
- IV. Adequate knowledge about the Company's business and the Country's business and economic scenario.
- V. Innovative ideas for growth of the Company and in solving problems faced by the Company.
- VI. In case of conflict of interest, prompt in disclosing the same.
- VII. Possessing long term vision for growth of the Company

Annexure G
MGT – 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

 Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
 (Management & Administration) Rules, 2014.

| I. REGISTRATION & OTHER DETAILS: | | |
|---|--|---|
| 1 | CIN | L28999WB1943PLC133247 |
| 2 | Registration Date | December 6, 1943 |
| 3 | Name of the Company | McNally Sayaji Engineering Limited |
| 4 | Category/Sub-category of the Company | Public Limited Company Private Sector |
| 5 | Address of the Registered office & contact details | 4 Mangoe Lane, Kolkata - 700001 Ph: 033 - 22138905, W: http://mcnallysayaji.com/ , e: mse.corp@mbecl.co.in |
| 6 | Whether listed company | 1. The Vadodara Stock Exchange Limited 2. The Ahmedabad Stock Exchange Limited 3. The Delhi Stock Exchange Limited |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Maheshwari Datamatics Private Limited 6 Mangoe Lane, 2nd Floor, Kolkata - 700001 Ph: 033 - 22435029 |

| II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY | | | |
|--|--|----------------------------------|------------------------------------|
| (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) | | | |
| S. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
| 1 | Metallurgical Machinery | | |
| | a. Crushing and Screening Plant / Machinery / Spares | 28230 | 12.20% |
| | b. Ball Mill-Machinery / Spares | 28230 | 14.80% |
| 2 | Material Handling and Conveying Plant / Machinery / Spares | 28162 | 15.17% |
| 3 | Projects/ Special Equipments | 28299 | 23.88% |

| III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES | | | | | |
|--|--|-----------------------|--------------------------------|------------------|--------------------|
| (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) | | | | | |
| SN | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
| 1 | McNally Bharat Engineering Company Limited | L45202WB1961PLC025181 | Holding | 74.86 | 2(46) |
| 2 | McNally Sayaji NFLG Construction Equipment Company Private Limited | U29253WB2014PTC204252 | Associate | | 2(6) |

| IV. SHARE HOLDING PATTERN | | | | | | | | | |
|--|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| (Equity share capital breakup as percentage of total equity) | | | | | | | | | |
| (i) Category-wise Share Holding | | | | | | | | | |
| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| b) Central Govt | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) State Govt(s) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) Bodies Corp. | 67,29,698 | - | 67,29,698 | 74.86% | 67,29,698 | - | 67,29,698 | 74.86% | 0.00% |
| e) Banks / FI | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| f) Any other | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Sub Total (A) (1) | 67,29,698 | - | 67,29,698 | 74.86% | 67,29,698 | - | 67,29,698 | 74.86% | 0.00% |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| b) Other Individuals | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) Bodies Corp. | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) Any other | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Sub Total (A) (2) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| TOTAL (A) | 67,29,698 | - | 67,29,698 | 74.86% | 67,29,698 | - | 67,29,698 | 74.86% | 0.00% |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| b) Banks / FI | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) Central Govt | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| d) State Govt(s) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| e) Venture Capital Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| f) Insurance Companies | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| g) FIs | 13,40,000 | - | 13,40,000 | 14.91% | 13,40,000 | - | 13,40,000 | 14.91% | 0.00% |
| h) Foreign Venture Capital Funds | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| i) Others (specify) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Sub-total (B)(1):- | 13,40,000 | - | 13,40,000 | 14.91% | 13,40,000 | - | 13,40,000 | 14.91% | 0.00% |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 4,50,371 | 1,800 | 4,52,171 | 5.03% | 450201 | 1800 | 4,52,001 | 5.03% | -0.04% |
| ii) Overseas | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1,74,504 | 2,37,900 | 4,12,404 | 4.59% | 180774 | 236300 | 4,17,074 | 4.64% | 1.13% |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| c) Others (specify) | | | | | - | - | | | |
| Non Resident Indians | 25,000 | 30,000 | 55,000 | 0.61% | 25000 | 25500 | 50,500 | 0.56% | -8.18% |
| Overseas Corporate Bodies | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Foreign Nationals | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Clearing Members | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Trusts | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Foreign Bodies - D R | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| Sub-total (B)(2):- | 6,49,875 | 2,69,700 | 9,19,575 | 10.23% | 6,55,975 | 2,63,600 | 9,19,575 | 10.23% | 0.00% |
| Total Public (B) | 19,89,875 | 2,69,700 | 22,59,575 | 25.14% | 19,95,975 | 2,63,600 | 22,59,575 | 25.14% | 0.00% |
| C. Shares held by Custodian for GDRs & ADRs | | | - | 0.00% | | | | 0.00% | 0.00% |
| Grand Total (A+B+C) | 87,19,573 | 2,69,700 | 89,89,273 | 100.00% | 87,25,673 | 2,63,600 | 89,89,273 | 100.00% | 0.00% |

(ii) Shareholding of Promoter

| SN | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|----|--|---|----------------------------------|---|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | McNally Bharat Engineering Company Limited | 67,29,698 | 74.86% | 0 | 67,29,698 | 74.86% | 0 | 0.00% |

(ii) Shareholding of Promoter

| SN | Particulars | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|---------------|--------|---|-------------------|---|-------------------|
| | | | | No. of Shares | % of total shares | No. of Shares | % of total shares |
| | McNally Bharat Engineering Company Limited | | | | | | 0 |
| | At the beginning of the year | April 1, 2014 | | 67,29,698 | 74.86% | 67,29,698 | 74.86% |
| | Changes during the year | | | No Change | 0.00% | No Change | 0.00% |
| | At the end of the year | | | 67,29,698 | 74.86% | | 74.86% |

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|-------------------------------------|----------------|--------|---|-------------------|---|-------------------|
| | | | | No. of Shares | % of total shares | No. of Shares | % of total shares |
| 1 | EIG (Mauritius) Limited | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 13,40,000 | 14.91% | 13,40,000 | 14.91% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 13,40,000 | 14.91% | 13,40,000 | 14.91% |
| 2 | Anushika Investments Pvt Ltd | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 1,60,000 | 1.78% | 1,60,000 | 1.78% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 1,60,000 | 1.78% | 1,60,000 | 1.78% |
| 3 | Swaran Financial Pvt Ltd | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 1,20,000 | 1.33% | 1,20,000 | 1.33% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 1,20,000 | 1.33% | 1,20,000 | 1.33% |
| 4 | York Financial Services Pvt. Ltd. | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 42,000 | 0.47% | 42,000 | 0.47% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 42,000 | 0.47% | 42,000 | 0.47% |
| 5 | Anushreya Investments Pvt. Ltd. | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 55,000 | 0.61% | 55,000 | 0.61% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 55,000 | 0.61% | 55,000 | 0.61% |
| 6 | 3A Financial Services Ltd. | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 18,971 | 0.21% | 18,971 | 0.21% |
| | Changes during the year | June 30, 2014 | | 170 | 0.00% | 18,801 | 0.21% |
| | At the end of the year | March 31, 2015 | | 18,801 | 0.21% | 18,801 | 0.21% |
| 7 | Kailash Agarwal | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 25,000 | 0.28% | 25,000 | 0.28% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 25,000 | 0.28% | 25,000 | 0.28% |
| 8 | Sagun Dealer Pvt. Ltd. | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 48,000 | 0.53% | 48,000 | 0.53% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 48,000 | 0.53% | 48,000 | 0.53% |
| 9 | Jayant Laljibhai Chothani | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 9,600 | 0.11% | 9,600 | 0.11% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 9,600 | 0.11% | 9,600 | 0.11% |
| 10 | Bipin Gathani | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 7,000 | 0.08% | 7,000 | 0.08% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 7,000 | 0.08% | 7,000 | 0.08% |

(v) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|----------------|--------|---|-------------------|---|-------------------|
| | | | | No. of Shares | % of total shares | No. of Shares | % of total shares |
| 1 | Mr. Prabir Ghosh | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 300 | 0.00% | 300 | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 300 | 0.00% | 300 | 0.00% |
| 2 | Mr. Uttam Tekriwal (CFO) | | | | | | |
| | At the beginning of the year | April 1, 2014 | | 200 | 0.00% | 200 | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | March 31, 2015 | | 200 | 0.00% | 200 | 0.00% |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 19,877.00 | 2,375.00 | - | 22,252.00 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 121.00 | - | - | 121.00 |
| Total (i+ii+iii) | 19,998.00 | 2,375.00 | - | 22,373.00 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 945.00 | 1,438.00 | - | 2,383.00 |
| * Reduction | 1,604.00 | 1,277.00 | - | 2,881.00 |
| Net Change | 2,549.00 | 2,715.00 | - | 5,264.00 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 19,218.00 | 2,536.00 | - | 21,754.00 |
| ii) Interest due but not paid | 5.00 | - | - | 5.00 |
| iii) Interest accrued but not due | 103.00 | - | - | 103.00 |
| Total (i+ii+iii) | 19,326.00 | 2,536.00 | - | 21,862.00 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|-----|---|-------------------------|---------------------|
| | | Name | Subir Chaki |
| | | Designation | Wholetime Director |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 84,60,000.00 | 84,60,000.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of profit | - | - |
| | - others, specify | - | - |
| 5 | Others, please specify | - | - |
| | Total | 84,60,000.00 | 84,60,000.00 |

| B. Remuneration to other Directors | | | | | |
|------------------------------------|--|---------------------------|-------------------------|----------------------------|--------------------|
| SN. | Particulars of Remuneration | Name of Directors | | | Total Indebtedness |
| | | Mr. Subir Ranjan Dasgupta | Mr. Padam Kumar Khaitan | | |
| 1 | Independent Directors* | | | | |
| | Fee for attending board / committee meetings | 1,00,000.00 | 70,000.00 | | 1,70,000.00 |
| | Commission | - | - | | - |
| | Others, please specify | - | - | | - |
| | Total (1) | 1,00,000.00 | 70,000.00 | - | 1,70,000.00 |
| 2 | Other Non-Executive Directors | Mr. Deepak Khaitan | Mr. Prabir Ghosh | Mr. Prasanta Kumar Chandra | - |
| | Fee for attending board committee meetings | 20,000.00 | 40,000.00 | 20,000.00 | 80,000.00 |
| | Commission | | | | - |
| | Others, please specify | | | | - |
| | Total (2) | 20,000.00 | 40,000.00 | 20,000.00 | 80,000.00 |
| | Total (B)=(1+2) | 1,20,000.00 | 1,10,000.00 | 20,000.00 | 2,50,000.00 |
| | Total Managerial Remuneration | | | | 87,10,000.00 |
| | Overall Ceiling as per the Act* | | | | |

*None of the remaining Independent Directors received any sitting fees. Sitting fees were waived off by the Directors w.e.f. November 14, 2014

*Sitting fees are outside the purview of the limits set by the Act. Mr. Subir Chaki is a professional director and he has no interest in the Capital of the Company. Additionally, his remuneration was approved by the Members of the Company through a Special Resolution at their EGM held on May 4, 2015. Hence, his remuneration is within the limits specified in Schedule V of the Companies Act, 2013.

| C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD | | | | | |
|---|---|-------------------------|--------------------|----------------------|--------------|
| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount | |
| | | Name | Mr. Uttam Tekriwal | Mr. Arunabha Acharya | |
| | | Designation | CFO | CS | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | 39,42,000.00 | 1,12,000.00 | 40,54,000.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | - | - | - |
| 2 | Stock Option | | - | - | - |
| 3 | Sweat Equity | | - | - | - |
| 4 | Commission | | - | - | - |
| | - as % of profit | | - | - | - |
| | - others, specify | | - | - | - |
| 5 | Others, please specify | | - | - | - |
| | Total | | 39,42,000.00 | 1,12,000.00 | 40,54,000.00 |

| VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: | | | | | |
|--|------------------------------|-------------------|---|------------------------------|------------------------------------|
| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
| A. COMPANY | | | | | |
| Penalty | | None | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | None | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | None | | | |
| Punishment | | | | | |
| Compounding | | | | | |

On behalf of the Board of Directors

Subir Chaki

Whole-time Director

Kolkata, August 12, 2015

Annexure H

Form No. AOC-2

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

During the Financial year 2014-15, the Company has not entered into any transactions that aren't on an arm's length basis within the purview of the provisions of Section 188 of the Companies Act, 2015.

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship

McNally Bharat Engineering Company Limited (Holding Company)

(b) Nature of contracts/arrangements/transactions

Purchases of services: Rs. 137 Lakhs

Sale of products and services: Rs. 4,260 Lakhs

(c) Duration of the contracts / arrangements/transactions

Ongoing

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

None. Both transactions are in the ordinary course of business in the same terms & conditions offered to independent third parties

(e) Date(s) of approval by the Board, if any:

Not applicable under the provisions of Section 188

(f) Amount paid as advances, if any:

Nil

On behalf of the Board of Directors

Subir Chaki

Whole-time Director

Kolkata, August 12, 2015

Annexure I**Report on Corporate Social Responsibility activities****1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company views to make things better for the communities it operates in by enabling people to develop and improve their capabilities, taking measures to improve efficient use of available resources and taking initiatives for a greener environment. With this view, your Company has developed a policy for developing, implementing and monitoring its Corporate Social Responsibility ("CSR") initiatives.

Your Company has also adopted the measures specified in the provisions of Section 135 of the Companies Act, 2013, and therefore, has developed its CSR policy in line with its provisions. Accordingly, your Company also supports the activities specified in Schedule VII of the Companies Act, 2013. A separate CSR Committee has been formed, consisting of the Directors of your Company, under the said provisions.

The CSR committee earmarks the amounts to be spent for CSR activities based on the performance of your Company and the CSR activities to be undertaken. The Committee monitors the utilization of the budget and the implementation of CSR activities. The Committee also has the powers to cause unit heads to provide its feedback on such implementation and engage independent persons to monitor CSR activities.

Your Company actively undertakes activities wherein it utilizes its expertise and the involvement of its employees to take various initiatives to make contributions to the society. In the last financial year, your Company has provided for running water taps to various villages and installed a water tank at a school in Panch Mahali village. Your Company has also conducted various programmes towards Women empowerment at Kumardhubi, health promotion initiatives at Dhanbad and Asansol, and maintaining parks at Asansol.

2. The Composition of the CSR Committee.

As on March 31, 2015, the Corporate Social Responsibility Committee of the Board consisted of Mr. Sanjay S Patel, Mr. Subir Ranjan Dasgupta and Mr. Subir Chaki.

3. Average net profit of the company for last three financial years: Rs. (739.67) Lakhs (Net Loss).**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

None, due to average net loss incurred

5. Details of CSR spent during the financial year.

a. Total amount to be spent for the financial year;
None, due to average net loss incurred

b. Amount unspent and reasons for the same, if any;
None, due to average net loss incurred

c. Manner in which the amount spent during the financial year is detailed below.

As a measure towards its commitment of its responsibilities, your Company undertook the following expenditures

| | CSR Project or activity identified | Sector in which the project is covered | Project or programs (a) Local area or other (b) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) or program wise | Amount spent on the project or programs Subheads: 1. Direct expenditure on projects or programs 2. Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
|---|---|--|--|--|---|--|---|
| 1 | Training of children of employees of ITI WB | Promotion of Education | Rupnarayanpur, West Bengal | Rs. 25,000 | Direct Expenditure – Rs. 15,000 | Rs. 15,000 | Direct |
| 2 | Drinking water supply & Road for Public use near factory area | Improvement of Infrastructure | Kumardhubi, West Bengal | Rs. 4,00,000 | Direct Expenditure – Rs. 3,60,000 | Rs. 3,60,000 | Direct |
| 3 | Football events | Promotion of sports | Dhanbad, West Bengal | Rs. 15,000 | Direct Expenditure – Rs. 14,000 | Rs. 14,000 | Direct |
| | Total | | | Rs. 4,40,000 | Rs. 3,89,000 | Rs. 3,89,000 | |

On behalf of the Board of Directors

Subir Chaki

Whole-time Director

Kolkata, August 12, 2015

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of McNally Sayaji Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 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 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us :
 - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements – Refer Note 38;
 - ii. The Company has made provision as at March 31, 2015 as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 40;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For **LOVELOCK & LEWES**
Firm Registration Number: 3010156E
Chartered Accountants

Prabal Kumar Sarkar
Partner
Membership Number : 52340

Place: Kolkata
Date: May 29, 2015

Annexure to the Independent Auditors' Report

- 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.
- 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 any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) 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. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. 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 specified under sub-section (1) of Section 148 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.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of excise, value added tax and cess have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases and is regular in depositing undisputed statutory dues, including wealth tax, duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2015, for a period of more than six months from the date they became payable are as follows :

| Name of the statute | Nature of dues | Amount (Rs. in lakhs) | Period to which the amount relates | Due date | Date of Payment |
|---------------------|------------------------|-----------------------|------------------------------------|-------------------|-----------------|
| Income-tax | Tax deducted at Source | 6.50 | August 2014 | September 7, 2014 | May 29, 2015 |

- (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, duty of custom which have not been deposited on account of any dispute. The particulars of dues of sales tax, duty of excise, value added tax, as at March 31, 2015 which have not been deposited on account of a dispute, are as follows :

| Name of the Statute | Nature of Dues | Amount (Rs. in lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|-------------------------|----------------|-----------------------|------------------------------------|--|
| Central Excise Act 1944 | Excise Duty | 6.70 | 1990-91 | CESTAT, Kolkata |
| Central Excise Act 1944 | Excise Duty | 21.19 | 1994-95 & 95-96 | Deputy Commissioner, Dhanbad |
| Central Excise Act 1944 | Excise Duty | 28.32 | 1996-97 | Assistant Commissioner, Dhanbad |
| Central Excise Act 1944 | Excise Duty | 6.74 | 1993-94 | Deputy Commissioner, Dhanbad |
| Central Excise Act 1944 | Excise Duty | 18.80 | 1994-95 | Deputy Commissioner, Dhanbad |
| Central Excise Act 1944 | Excise Duty | 3.56 | 1992-93 | Deputy Commissioner, Dhanbad |
| Bihar Finance Act 1981 | Sales Tax | 6.44 | 1991-92 | Deputy Commissioner of Commercial Taxes, Chirkunda |
| Bihar Finance Act 1981 | Sales Tax | 5.47 | 1992-93 | Deputy Commissioner of Commercial Taxes, Chirkunda |
| Bihar Finance Act 1981 | Sales Tax | 8.34 | 2004-05 | Deputy Commissioner of Commercial Taxes, Chirkunda |
| Central Sales Tax 1956 | Sales Tax | 256.03 | 2006-07 | Commissioner of Commercial Taxes, Ranchi |
| Central Sales Tax 1956 | Sales Tax | 64.84 | 2007-08 | Commissioner of Commercial Taxes, Ranchi |
| Central Sales Tax 1956 | Sales Tax | 1,538.40 | 2008-09 | Commissioner of Commercial Taxes, Raanchi |
| Central Sales Tax 1956 | Sales Tax | 163.68 | 2009-10 | Commissioner of Commercial Taxes, Ranchi |
| Central Sales Tax 1956 | Sales Tax | 81.05 | 2010-11 | Commissioner of Commercial Taxes, Ranchi |

- c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has no accumulated losses as at the end of the financial year and it has incurred cash losses in the financial year ended on that date, however there was no cash loss in the immediately preceding financial year.
- ix. According to the records of the Company examined by us and the information and explanations given to us, except for dues to bank for the period of 14 days and 57 days aggregating Rs. 60,643,199, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. 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.
- xi. 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.
- xii. 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: 3010156E
Chartered Accountants

Prabal Kumar Sarkar
Partner
Membership Number : 52340

Place: Kolkata
Date: May 29, 2015

Balance Sheet as at 31st March, 2015

(₹ in Lakhs)

| | Note | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------|---------------------------|---------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 899 | 899 |
| Reserves and Surplus | 3 | 15,684 | 18,537 |
| | | 16,583 | 19,436 |
| Non-current liabilities | | | |
| Long term borrowings | 4 | 3,793 | 7,218 |
| Deferred Tax Liabilities (net) | 5 | – | – |
| Other Long term liabilities | 6 | 9 | 1 |
| Long term Provisions | 7 | 202 | 325 |
| | | 4,004 | 7,544 |
| Current liabilities | | | |
| Short term borrowings | 8 | 13,737 | 12,631 |
| Trade Payables | 9 | 7,535 | 6,767 |
| Other Current liabilities | 10 | 8,243 | 4,975 |
| Short term Provisions | 11 | 295 | 186 |
| | | 29,810 | 24,559 |
| Total | | 50,397 | 51,539 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| - Tangible assets | 12 | 19,116 | 20,391 |
| - Intangible assets | 12 | 258 | 359 |
| - Capital work-in-progress | 13 | 35 | 33 |
| Non-current investments | 14 | * | * |
| (*Amount is below the rounding off norms adopted by the Company) | | | |
| Long-term loans and advances | 15 | 138 | 139 |
| Other non-current assets | 16 | 622 | 237 |
| | | 20,169 | 21,159 |
| Current Assets | | | |
| Inventories | 17 | 12,688 | 13,041 |
| Trade receivables | 18 | 15,229 | 15,203 |
| Cash and Bank Balances | 19 | 522 | 144 |
| Short-term loans and advances | 20 | 1,786 | 1,986 |
| Other current assets | 21 | 3 | 6 |
| | | 30,228 | 30,380 |
| Total | | 50,397 | 51,539 |
| 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 Sarkar

Partner

Membership Number : 52340

Place : Kolkata

Date : 29th May, 2015

For and on behalf of Board of Directors

Subir Chaki
 Whole-time Director

Tehnaz Punwani
 Director

Uttam Tekriwal
 Chief Financial Officer

Arunabha Acharya
 Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2015

(₹ in Lakhs)

| Particulars | Note | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
|--|------|--|--|
| Revenue from operations (Gross) | 22 | 22,545 | 23,844 |
| Less : Excise Duty | | 1,903 | 2,286 |
| Revenue from operations (Net) | | 20,642 | 21,558 |
| Other income | | 628 | 1,867 |
| Total Revenue | | 21,270 | 23,425 |
| EXPENSES | | | |
| Cost of materials consumed | 24 | 9,529 | 11,549 |
| Purchases of Stock-in-Trade | | 786 | – |
| Changes in inventories of finished goods and work-in-progress | 25 | (427) | (2,415) |
| Employee benefits expense | 26 | 3,132 | 3,379 |
| Finance costs | 28 | 2,634 | 2,546 |
| Depreciation and amortization expense | 29 | 1,670 | 1,502 |
| Other expenses | 30 | 6,746 | 7,734 |
| Total expenses | | 24,070 | 24,295 |
| Profit/(Loss) before exceptional items and tax | | (2,800) | (870) |
| Exceptional items | 31 | – | 531 |
| Profit / (Loss) before tax | | (2,800) | (339) |
| Tax expense: | | | |
| - Current tax | | 53 | 75 |
| - Deferred tax (credit) | | – | (530) |
| - Total tax | | 53 | (455) |
| Profit / (Loss) for the year | | (2,853) | 116 |
| Earnings per equity share (Face Value of ₹ 10/- each) : | | | |
| Basic and Diluted | 41 | (31.74) | 1.29 |
| 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 Sarkar

Partner

Membership Number : 52340

Place : Kolkata

Date : 29th May, 2015

For and on behalf of Board of Directors

Subir Chaki

Whole-time Director

Tehnaz Punwani

Director

Uttam Tekriwal

Chief Financial Officer

Arunabha Acharya

Company Secretary

Cash Flow Statement for the year ended 31st March, 2015

(₹ in Lakhs)

| | For the year ended 31st March, 2015 | | For the year ended 31st March, 2014 | |
|--|--|----------------|--|----------------|
| A Cash Flow from Operating Activities | | | | |
| Profit/(Loss) before taxation and exceptional items | | (2,800) | | (870) |
| Adjustments for: | | | | |
| Depreciation/Amortisation on tangible assets | 1,568 | | 1,131 | |
| Amortisation on intangible assets | 102 | | 371 | |
| Finance Cost | 2,295 | | 2,209 | |
| Other Borrowing Costs | 339 | | 337 | |
| Interest Income | (10) | | (70) | |
| Loss/(Profit) on Sale of Fixed Assets (Net) | (291) | | 2 | |
| Provision for bad and doubtful trade receivables | 315 | | 88 | |
| Provision for Warranty | 16 | | 24 | |
| Liabilities no longer required written back | (205) | | (190) | |
| Provision no longer required written back | (1) | | (32) | |
| Provision for Mark to Market Loss on Derivatives | (29) | | (81) | |
| Unrealised Loss on foreign currency transactions/translation (net) | 1 | 4,100 | 3 | 3,792 |
| Operating Profit Before Working Capital Changes | | 1,300 | | 2,922 |
| Adjustments for: | | | | |
| Trade and Other Receivables | (588) | | 911 | |
| Inventories | 353 | | (2,037) | |
| Trade & Other Payables | 2,515 | 2,280 | (602) | (1,728) |
| Cash Generated from/(used in) Operations | | 3,580 | | 1,194 |
| Direct Taxes paid (Net) | | (68) | | (47) |
| Cash flow before exceptional items | | 3,512 | | 1,147 |
| Exceptional items | | | | |
| - Relating to sale of land at Vadodara | | - | | 531 |
| Net Cash from Operating Activities | | 3,512 | | 1,678 |
| B Cash Flow from Investing Activities | | | | |
| Purchase of Fixed Assets | (95) | | (497) | |
| Sale of Tangible Assets | 343 | | 789 | |
| Interest Received | 10 | 258 | 95 | 387 |
| Net Cash from Investing Activities | | 258 | | 387 |
| C Cash Flow from Financing Activities | | | | |
| Interest Paid | (2,308) | | (2,340) | |
| Other Borrowing Costs Paid | (339) | | (337) | |
| Repayment of Long Term Borrowings | (1,923) | | (2,959) | |
| Proceeds from Short Term Borrowings | 738 | | 875 | |
| Repayment of Short Term Borrowings | (875) | | (2,750) | |
| Net increase/(decrease) in Cash Credit Facilities including WCDL | 1,243 | | 5,335 | |
| Dividend paid [including tax ₹ Nil (2013-14 ₹ Nil)] | (3) | (3,467) | (2) | (2,178) |
| Net Cash Used in Financing Activities | | (3,467) | | (2,178) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 303 | | (113) |
| Cash and Cash Equivalents (Opening Balance) | | 138 | | 251 |
| Cash and Cash Equivalents (Closing Balance) | | 441 | | 138 |

(₹ in Lakhs)

| | For the year ended 31st March, 2015 | | For the year ended 31st March, 2014 | |
|--|--|------------|--|------------|
| 1 Cash and Cash Equivalents comprise of : | | | | |
| Cash on hand | | 19 | | 10 |
| Bank Deposit ^ | | – | | 1 |
| Balances with Banks # | | 422 | | 127 |
| | | 441 | | 138 |
| ^ Bank Deposit under lien | | | | |
| # Includes the following balances which are not available for use by the Company | | | | |
| Unpaid Dividend Account | | 5 | | 8 |

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.

The notes are an integral part of these Financial Statements

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

For **LOVELOCK & LEWES**

Firm Registration Number : 301056E

Chartered Accountants

Prabal Sarkar

Partner

Membership Number : 52340

Place : Kolkata

Date : 29th May, 2015

For and on behalf of Board of Directors

Subir Chaki

Whole-time Director

Tehnaz Punwani

Director

Uttam Tekriwal

Chief Financial Officer

Arunabha Acharya

Company Secretary

Notes to Financial Statements

Note 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 Section 133 of the Companies Act, 2013 (The Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standard of accounting or any addendum thereto are prescribed by 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, 2013 and Accounting Standard 30, Financial Instruments; Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other Accounting Standard referred in Section 211(3C) of the erstwhile 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 III to the Companies Act, 2013.

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 pro-rata basis using straight line method over the estimated useful lives of assets. The estimates of useful lives have undergone a change with effect from April 1, 2014, based on technical evaluation and are same as the lives prescribed under Schedule II to the Companies Act, 2013.

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.

Notes to Financial Statements

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.

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,

Notes to Financial Statements

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 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.

Notes to Financial Statements

(₹ in Lakhs)

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---------------------------|---------------------------|
| Note 2 SHARE CAPITAL | | |
| (i) Authorised | | |
| 5,00,00,000 Equity Shares of ₹ 10/- each | 5,000 | 5,000 |
| (ii) Issued, Subscribed and Paid up | | |
| 89,89,273 Equity Shares of ₹ 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 ₹ 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**

| Equity Shares | As at 31st March, 2015 | | As at 31st March, 2014 | |
|---|------------------------|-----------|------------------------|-----------|
| | ₹ in Lakhs | In No's | ₹ in Lakhs | In No's |
| Shares outstanding at the beginning of the year | 899 | 89,89,273 | 899 | 89,89,273 |
| Shares outstanding at the end of the year | 899 | 89,89,273 | 899 | 89,89,273 |

(vi) **Terms/rights attached to equity shares**

The Company has only one class of equity share having a par value of ₹ 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, 2015 | | As at 31st March, 2014 | |
|--|------------------------|--------------|------------------------|--------------|
| | No. of shares | % of Holding | No. of shares | % of Holding |
| McNally Bharat Engineering Company Limited | 67,29,698 | 74.86 | 67,29,698 | 74.86 |
| EIG (Mauritius) Limited | 13,40,000 | 14.91 | 13,40,000 | 14.91 |

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Note 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 | 5,585 | 5,469 |
| Add : Profit / (Loss) for the year | (2,853) | 116 |
| Balance as at the end of the year | 2,732 | 5,585 |
| Total | 15,684 | 18,537 |

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---|---------------------------|---------------------------|
| Note 4 LONG TERM BORROWINGS | | |
| Secured Loans | | |
| Term Loans | | |
| From Banks | 8,014 | 9,616 |
| From Others | 3 | 5 |
| | 8,017 | 9,621 |
| Less : Current maturities of Long Term Debt (refer Note 10) | 4,224 | 2,403 |
| Total | 3,793 | 7,218 |

Notes to Financial Statements

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 ₹ 1,502 Lakhs (31.03.2014 ₹ 1,503 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 ₹ 3,912 Lakhs (31.03.2014 ₹ 4,507 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 ₹ 2,600 Lakhs (31.03.2014 ₹ 3,606) 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. |
| iv. Year end balance of Car Loan (term) from Kotak Mahindra Prime Limited ₹ 3 Lakhs (31.03.2014 ₹ 5 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. |

| | | (₹ in Lakhs) | |
|---------------|--|---------------------------|---------------------------|
| | | As at 31st March, 2015 | As at 31st March, 2014 |
| Note 5 | DEFERRED TAX LIABILITIES (NET) | | |
| | Deferred Tax Liability on account of : | | |
| | Depreciation | 1,487 | 1,794 |
| | Deferred Tax Asset on account of : | | |
| | Unabsorbed Tax Depreciation/Loss | (1,243) | (1,680) |
| | Items allowable for tax purpose on payment basis | (73) | (52) |
| | Other Items | (171) | (62) |
| | Total | - | - |

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.

| Note 6 | OTHER LONG TERM LIABILITIES | | |
|---------------|------------------------------------|----------|----------|
| | Trade Payables | 9 | 1 |
| | Total | 9 | 1 |

| Note 7 | LONG TERM PROVISION | | |
|---------------|--|------------|------------|
| | Provision for employee benefits | 168 | 262 |
| | Provision for mark to market losses on derivatives | 34 | 63 |
| | Total | 202 | 325 |

Notes to Financial Statements

(₹ in Lakhs)

| | As at 31st March, 2015 | As at 31st March, 2014 |
|---------------------------------|---------------------------|---------------------------|
| Note 8 | | |
| SHORT TERM BORROWINGS | | |
| Secured Loans from Banks | | |
| Loans Repayable on demand # | 11,201 | 10,256 |
| | 11,201 | 10,256 |
| Unsecured Loans | | |
| From Banks | 1,798 | 1,500 |
| Inter - corporate deposit | 738 | 875 |
| | 2,536 | 2,375 |
| Total | 13,737 | 12,631 |

Nature of Security on Secured Loans availed from Banks

Cash Credit facilities and Working Capital Demand Loans 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, Asansol unit, Baroda unit and Bangalore unit both present and future.

| | | |
|---|--------------|--------------|
| Note 9 | | |
| TRADE PAYABLES | | |
| Trade Payables | | |
| Dues to micro enterprises and small enterprises (refer Note 35) | 93 | 123 |
| Others | 7,442 | 6,644 |
| Total | 7,535 | 6,767 |

| | | |
|---|--------------|--------------|
| Note 10 | | |
| OTHER CURRENT LIABILITIES | | |
| Current maturities of long-term borrowings (Refer Note 4) | 4,224 | 2,403 |
| Interest accrued but not due on Borrowings | 103 | 121 |
| Interest accrued and due on Borrowings | 5 | — |
| Unpaid Dividends @ | 5 | 8 |
| Unpaid matured deposits and interest accrued thereon @ | * | * |
| Other Payables | | |
| Advance received from customers | 1,962 | 1319 |
| Liability for Capital Creditors | 75 | 149 |
| Dues payable to government authorities | 520 | 185 |
| Employee benefits payable | 323 | 225 |
| Liability for Other Expenses \$ | 1,026 | 565 |
| Total | 8,243 | 4,975 |

@ 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.

| | | |
|--|------------|------------|
| Note 11 | | |
| SHORT TERM PROVISIONS | | |
| Provision for employee benefits | 232 | 139 |
| Provision for Warranty [Refer (a) below] | 63 | 47 |
| Total | 295 | 186 |
| a) Movement of Provision for Warranty : | | |
| Balance as at the beginning of the year | 47 | 23 |
| Additions | 16 | 24 |
| Amount used | — | — |
| Balance as at the end of the year | 63 | 47 |

Notes to Financial Statements

Note 12 TANGIBLE ASSETS

(₹ in Lakhs)

| Particulars | GROSS BLOCK AT COST / VALUATION | | | DEPRECIATION/AMORTISATION | | | NET BLOCK | | |
|------------------------------------|---------------------------------|-------------------|------------------|---------------------------|-----------------------|--------------|------------------|------------------------|------------------------|
| | As at 1st April, 2014 | Other Adjustments | Sale/ Adjustment | As at 31st March, 2015 | As at 1st April, 2014 | For the year | Sale/ Adjustment | As at 31st March, 2015 | As at 31st March, 2014 |
| Lease hold Land | 2,757 | 68 | - | 2,825 | 77 | 27 | - | 104 | 2,680 |
| Free hold Land | 257 | - | 6 | 251 | - | - | - | - | 257 |
| Building | 12,880 | 220 | 37 | 13,065 | 1,145 | 510 | 16 | 1,639 | 11,735 |
| Plant and Machinery | 8,429 | 26 | - | 8,476 | 3,437 | 843 | - | 4,280 | 4,992 |
| Plant and Machinery - Windmill | 764 | - | - | 764 | 456 | 44 | - | 500 | 308 |
| Furniture and Fixture | 362 | 1 | 27 | 339 | 109 | 53 | 8 | 154 | 185 |
| Refrigerators and Air Conditioners | 88 | 1 | 2 | 87 | 22 | 23 | 2 | 43 | 44 |
| Office Equipments | 217 | 2 | 1 | 219 | 158 | 62 | 1 | 219 | 59 |
| Motor Vehicles | 80 | - | 17 | 63 | 39 | 6 | 11 | 34 | 41 |
| Total | 25,834 | 27 | 90 | 26,089 | 5,443 | 1,568 | 38 | 6,973 | 20,391 |
| Previous Year | 24,291 | 416 | 61 | 25,834 | 4,321 | 1,131 | 9 | 5,443 | 20,391 |

INTANGIBLE ASSETS

| Particulars | GROSS BLOCK AT COST / VALUATION | | | AMORTISATION | | | NET BLOCK | | |
|---------------------|---------------------------------|-------------------|------------------|------------------------|-----------------------|--------------|------------------|------------------------|------------------------|
| | As at 1st April, 2014 | Other Adjustments | Sale/ Adjustment | As at 31st March, 2015 | As at 1st April, 2014 | For the year | Sale/ Adjustment | As at 31st March, 2015 | As at 31st March, 2014 |
| Design and Drawings | 2,250 | - | - | 2,250 | 1,929 | 72 | - | 2,001 | 321 |
| Computer Software | 188 | 1 | - | 189 | 150 | 30 | - | 180 | 38 |
| Technical Knowhow | 20 | - | - | 20 | 20 | - | - | 20 | - |
| Total | 2,458 | 1 | - | 2,459 | 2,099 | 102 | - | 2,201 | 359 |
| Previous Year | 2,434 | 4 | - | 2,458 | 1,728 | 371 | - | 2,099 | 359 |

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

a "Other Adjustments for Tangible assets include : ₹ 317 Lakhs (31.03.2014 ₹ 1188 Lakhs) being adjustment relating to exchange difference"

b Other Adjustments for Intangible assets include ₹ 1 Lakhs (31.03.2014 ₹ 4 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.

Also Refer Note 39

Notes to Financial Statements

(₹ in Lakhs)

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Note 13 CAPITAL WORK IN PROGRESS | | |
| Capital Work in Progress | 35 | 33 |
| Total | 35 | 33 |
| Note 14 NON CURRENT INVESTMENT | | |
| Non Current (Long Term - other than trade) Investments (unquoted) at cost | * | * |
| - 100 (31.03.2014 : 100) fully paid shares of ₹ 25/- each of Co Operative Bank of Baroda Ltd. | * | * |
| Total | * | * |
| Aggregate Book Value of unquoted investments | | |
| * Amount is below the rounding off norms adopted by the Company. | | |
| Note 15 LONG TERM LOANS AND ADVANCES | | |
| Capital Advances | | |
| Unsecured, considered good | – | 8 |
| Security Deposits | | |
| Unsecured, considered good | 138 | 131 |
| Considered doubtful | 2 | 2 |
| Less : Allowances for doubtful security deposits | 2 | 2 |
| | 138 | 131 |
| Total | 138 | 139 |
| Note 16 OTHER NON CURRENT ASSETS | | |
| Unsecured, considered good | | |
| Long term trade receivables | 489 | 225 |
| Deposit with Banks having maturity more than twelve months | 133 | 12 |
| Total | 622 | 237 |
| Note 17 INVENTORIES | | |
| (valued at lower of cost and net realisable value) | | |
| Raw Materials and Component | 1,492 | 2,131 |
| Work-in-Progress [refer (i) below] | 10,292 | 9,822 |
| Finished goods | 66 | 109 |
| Stores and spares | 758 | 897 |
| Loose Tools | 80 | 82 |
| Total | 1 2,688 | 13,041 |
| i) Break up of Work-in-progress | | |
| a. Metallurgical Machinery and Material handling Equipment | 5,476 | 3,547 |
| b. Projects/ Special Equipments | 2,086 | 5,245 |
| c. Coal Washing Plant / Machinery / Spares | 379 | 37 |
| d. Pump and Spares | 711 | 613 |
| e. Thickener, Floatation cells and spares | 1,640 | 380 |
| Total | 10,292 | 9,822 |

Notes to Financial Statements

(₹ in Lakhs)

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Note 18 TRADE RECEIVABLES | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 4,227 | 5,817 |
| Unsecured, considered doubtful | 848 | 549 |
| Less : Allowances for doubtful debts | 848 | 549 |
| | 4,227 | 5,817 |
| Other debts | | |
| Unsecured, considered good | 11,002 | 9,386 |
| Total | 15,229 | 15,203 |

| | | |
|--|------------|------------|
| Note 19 CASH AND BANK BALANCES | | |
| Cash and cash equivalent | | |
| Cash on hand | 19 | 10 |
| Demand Deposit with Bank (Less than three months maturity) | – | 1 |
| Unpaid Dividend Accounts \$ | 5 | 8 |
| Current Accounts with banks | 417 | 119 |
| | 441 | 138 |
| Other Bank Balances | | |
| Bank deposits with original maturity greater than three months and maturing within twelve months # | 81 | 6 |
| Total | 522 | 144 |

\$ Earmarked for payment of unpaid dividend only.

₹ 76 Lakhs Nil (31.03.2014 ₹ Nil) is under lien with a Bank

| | | |
|--|--------------|-------------|
| Note 20 SHORT TERM LOANS AND ADVANCES | | |
| Advances to related parties | | |
| Unsecured, considered good, unless stated otherwise Recoverable from Whole time Director (Refer Note 37) | 19 | 22 |
| Other Advances | | |
| Unsecured, considered good, unless stated otherwise | | |
| Balance with Government Authorities | 487 | 439 |
| Advance payment of taxes, etc. | 123 | 109 |
| [Net of Provision for taxation ₹ 2,999 Lakhs (31.03.2014 ₹ 2,946 Lakhs)] | | |
| Advance for goods and services | 1,070 | 1276 |
| Others # | 87 | 140 |
| | 1,767 | 1964 |
| Others, considered doubtful | 14 | – |
| Less: Allowances for doubtful advances | 14 | – |
| | 1,767 | 1964 |
| Total | 1,786 | 1986 |

includes primarily advance & prepaid expenses

| | | |
|---|----------|----------|
| Note 21 OTHER CURRENT ASSETS | | |
| Insurance Claim Receivables | – | * |
| Unamortised Premium on Forward Contract | 3 | 6 |
| Total | 3 | 6 |

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

Notes to Financial Statements

(₹ in Lakhs)

| | For the Year Ended 31st March, 2015 | For the Year Ended 31st March, 2014 |
|---|--|--|
| Note 22 REVENUE FROM OPERATIONS | | |
| Sale of products [Refer (i) below] | 21,767 | 22,826 |
| Sale of services [Refer (ii) below] | 110 | 369 |
| Other operating revenues | | |
| Scrap Sales | 557 | 517 |
| Energy Income - Wind Mill | 101 | 100 |
| Agency Income | 10 | 32 |
| Total | 22,545 | 23,844 |
| i) Break up of Sale of products | | |
| 1. Metallurgical Machinery | | |
| a) Crushing and Screening Plant / Machinery / Spares | 2,750 | 3,538 |
| b) Feeders and Gates Machinery / Spares | 44 | 195 |
| c) Ball Mill-Machinery / Spares | 3,336 | 2,876 |
| d) Structural Steel Work, Engineering, Fabrication and Erection | 981 | 1,198 |
| 2. Material Handling and Conveying Plant / Machinery / Spares | 3,419 | 845 |
| 3. Coal Washing Plant / Machinery / Spares | 596 | 348 |
| 4. Cement Mill/Plant | 27 | 154 |
| 5. Pump and Spares | 1,154 | 1,560 |
| 6. Thickener, Flotation cells and spares | 1,030 | 899 |
| 7. Projects/ Special Equipments | 5,384 | 8,307 |
| 8. Others/ Spares | 2,251 | 2,906 |
| 9. Trading Sales | 795 | - |
| Total | 21,767 | 22,826 |
| ii) Break up of Sale of services | | |
| Supervision Charges | 44 | 297 |
| Maintenance Services | 32 | 16 |
| Engineering and Designing Charges | - | 46 |
| Erection & Commission Charges | 17 | - |
| Others | 17 | 10 |
| Total | 110 | 369 |
| Note 23 OTHER INCOME | | |
| Profit on Sale of Fixed Assets (net) | 291 | - |
| Interest Income | 10 | 70 |
| Net Gain on foreign currency transactions/translations | 17 | 1,414 |
| Provision for Mark to Market Loss no longer required written back | 29 | 81 |
| Liabilities no longer required written back | 205 | 190 |
| Provision no longer required written back | 1 | 32 |
| Rental Income | 73 | 72 |
| Miscellaneous Income | 2 | 8 |
| Total | 628 | 1,867 |

Notes to Financial Statements

(₹ in Lakhs)

| | | For the Year Ended 31st March, 2015 | For the Year Ended 31st March, 2014 |
|--|--|--|--|
| Note 24 | COST OF MATERIALS CONSUMED | | |
| (i) Consumption of Raw Materials and Components | | | |
| | Opening Stock | 2,131 | 2,355 |
| | Add : Purchases | 8,890 | 11,325 |
| | | 11,021 | 13,680 |
| | Less : Closing Stock | 1,492 | 2,131 |
| | Consumption of Raw Materials and Component | 9,529 | 11,549 |
| (ii) Details of Consumption of Raw Materials, Components, Spare Parts, Stores, etc. | | | |
| | Raw materials and Components: | | |
| | Steel | 4,636 | 5,292 |
| | Components | 2,257 | 3,426 |
| | Castings | 1,446 | 1,826 |
| | Others | 1,191 | 1,005 |
| | Total | 9,529 | 11,549 |
| | Spare Parts, Stores, etc.: | | |
| | Stores and Spare Parts | 1,099 | 2,438 |
| | Bearings | 201 | 241 |
| | Motors | 122 | 123 |
| | Others | 497 | 323 |
| | Total | 1,919 | 3,125 |

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

| | For the Year Ended 31st March, 2015 | | For the Year Ended 31st March, 2014 | |
|--------------------------------|--|--------------|--|---------------|
| | Percentage | ₹ In Lakhs | Percentage | ₹ In Lakhs |
| Raw Materials and Components : | | | | |
| Imported | 1.80 | 171 | 1.00 | 116 |
| Indigenous | 98.20 | 9,358 | 99.00 | 11,433 |
| Total | 100.00 | 9,529 | 100.00 | 11,549 |
| Spare Parts and Stores : | | | | |
| Imported | 1.34 | 26 | 26.08 | 815 |
| Indigenous | 98.66 | 1,893 | 73.92 | 2,310 |
| Total | 100.00 | 1,919 | 100.00 | 3,125 |

(iv) Stores and Spare parts consumed debited to various heads amount to ₹ Nil (2013-14 ₹ 14 Lakhs).

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

| | | |
|----------------------|--------------|----------------|
| Opening Stock | | |
| Work-in-Progress | 9,822 | 7,480 |
| Finished Goods | 109 | 36 |
| | 9,931 | 7,516 |
| Less : | | |
| Closing Stock | | |
| Work-in-Progress | 10,292 | 9,822 |
| Finished Goods | 66 | 109 |
| | 10,358 | 9,931 |
| Total | (427) | (2,415) |

Notes to Financial Statements

(₹ in Lakhs)

| | For the Year Ended 31st March, 2015 | For the Year Ended 31st March, 2014 |
|---|--|--|
| Note 26 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus | 2,851 | 3041 |
| Contribution to Provident and other funds | 155 | 184 |
| Workmen and Staff welfare expenses | 126 | 154 |
| Total | 3,132 | 3,379 |

Note 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 31.03.2015.

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| (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 | 729 | 738 |
| Current Service Cost | 35 | 35 |
| Interest Cost | 63 | 66 |
| Actuarial (Gains)/Losses | (15) | (2) |
| Benefits Paid | (141) | (108) |
| Present Value of Obligation at the end of the year | 671 | 729 |
| (b) Reconciliation of the Opening and Closing balances of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the year | 552 | 590 |
| Expected Return on Plan Assets | 46 | 52 |
| Actuarial Gains/(Losses) on plan Assets | 2 | (2) |
| Contributions | 11 | 20 |
| Benefits paid | (141) | (108) |
| Fair Value of Plan Assets at the end of the year | 470 | 552 |
| (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 | 671 | 729 |
| Fair Value of Plan Assets at the end of the year | 470 | 552 |
| Liabilities recognized in the Balance Sheet | (201) | (177) |
| (d) Expense recognized in the Statement of Profit and Loss | | |
| Current Service Cost | 35 | 35 |
| Interest Cost | 63 | 66 |
| Expected Return on Plan Assets | (46) | (52) |
| Actuarial (Gains)/Losses | (17) | * |
| Total Expense recognized (included in note 26 - Contribution to Provident and other funds) | 35 | 49 |

Notes to Financial Statements

(₹ in Lakhs)

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|--|--|
| (e) Category of Plan Assets | | |
| Fund with Insurer | 470 | 549 |
| Others (including bank balances) | – | 3 |
| Total | 470 | 552 |
| (f) Actual Return on Planned Assets | 48 | 50 |
| (g) Actuarial Assumptions | | |
| Discount Rate Plan | 8.00% | 8.25% |
| Expected Rate of Return on Assets | 9.00% | 9.00% |
| 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 Indian Assured Lives Mortality (2006-08) 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.

| | For the year ended 31st March, 2015 | 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 |
|--|---|---|---|---|---|
| Present Value of Obligation at the end of the year | 671 | 729 | 738 | 807 | 683 |
| Fair Value of Plan Assets at the end of the year | 470 | 552 | 590 | 617 | 571 |
| Deficit at the end of the year | (201) | (177) | (148) | (190) | (112) |
| Experience adjustments on plan liabilities [(Gain)/Loss] | (15) | (2) | (44) | 99 | 35 |
| Experience adjustments on plan assets [Gain]/(Loss)] | 2 | (2) | 1 | (1) | 1 |

(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, 2016 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 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.

Notes to Financial Statements

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. 80 lakhs (2013-14 ₹ 97 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, 2015 | For the Year Ended 31st March, 2014 |
|----------------------------------|--|--|
| Discount Rate | 9.16% | 9.16% |
| Expected Return on Exempted Fund | 8.78% | 8.78% |
| Expected EPFO Return | 8.75% | 8.75% |

(B) Post Employment Defined Contribution Plan

During the year, an amount of ₹ 40 lakhs (2013-14 ₹ 38 lakhs) has been recognised as expenditure towards defined contribution plans of the company.

(₹ in Lakhs)

| | For the Year Ended 31st March, 2015 | For the Year Ended 31st March, 2014 |
|--|--|--|
| Note 28 FINANCE COSTS | | |
| Interest expense | 2,295 | 2,209 |
| Other borrowing costs | 339 | 337 |
| Total | 2,634 | 2,546 |
| Note 29 DEPRECIATION AND AMORTIZATION EXPENSE | | |
| Depreciation/Amortisation on tangible assets | 1,568 | 1,131 |
| Amortisation on intangible assets | 102 | 371 |
| Total | 1,670 | 1,502 |
| Note 30 OTHER EXPENSES | | |
| Professional Fees | 300 | 291 |
| Fabrication and other charges | 2,002 | 2,326 |
| Consumption of stores and spare parts | 1,919 | 3,111 |
| Power | 319 | 360 |
| Repairs to Buildings | 10 | 24 |
| Repairs to Machinery | 48 | 60 |
| General repairs and maintenance | 98 | 110 |
| Rent | 54 | 78 |
| Subscriptions and donations | 2 | 2 |
| Bank charges | 18 | 14 |
| Rates and Taxes | 22 | 77 |
| Insurance | 62 | 64 |
| Freight | 739 | 221 |
| Travelling and conveyance | 371 | 454 |
| Directors' Fees | 3 | 5 |
| Royalty | 11 | 10 |
| Commission Expenses | 20 | 26 |
| Provision for Doubtful Trade Receivables/Advances | 315 | 88 |
| Provision for Warranty | 16 | 24 |
| Loss on sale of Fixed Assets (net) | - | 2 |
| Miscellaneous Expenses | 417 | 387 |
| Total | 6,746 | 7,734 |

Notes to Financial Statements

(₹ in Lakhs)

(i) Miscellaneous expenses shown above includes Auditor's remuneration and expenses :

| | For the Year Ended 31st March, 2015 | For the Year Ended 31st March, 2014 |
|---------------------------|--|--|
| Statutory Audit | 26 | 26 |
| Other Services | 9 | 10 |
| Reimbursement of Expenses | – | 2 |
| Total | 35 | 38 |

(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 ₹ 54 lakhs (2013-14 ₹ 78 lakhs) paid/payable are charged as Rent under Other Expenses.

31. EXCEPTIONAL ITEM

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

31. EXCEPTIONAL ITEM

Leasehold rights with respect to a portion of land at Savli, Gujarat had been transferred for a net profit of ₹ Nil (2013-14 ₹ 531 lakhs) and has been treated as Exceptional item.

| | For the Year Ended 31st March, 2015 | For the Year Ended 31st March, 2014 |
|--|--|--|
| Note 32 CIF VALUE OF IMPORT | | |
| Raw Materials & Components | 9 | – |
| Spare Parts and Stores | 241 | 580 |
| Total | 250 | 580 |
| Note 33 EXPENDITURE IN FOREIGN CURRENCY | | |
| Travelling | 5 | 21 |
| Total | 5 | 21 |
| Note 34 EARNING IN FOREIGN CURRENCY | | |
| Export Sale (FOB) | 378 | 776 |
| Agency Income | 10 | 32 |
| Total | 388 | 808 |

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| Note 35 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES | | |
| (i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act | | |
| Principal | 60 | 68 |
| Interest | 8 | 3 |
| (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 | 95 | – |
| Interest | 4 | – |

Notes to Financial Statements

(₹ in Lakhs)

| | As at 31st March, 2015 | As at 31st March, 2014 |
|--|---------------------------|---------------------------|
| (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 | 77 | 300 |
| Interest | 9 | 18 |
| (iv) The amount of interest accrued and remaining unpaid at the end of the year [including ₹ 7 lakhs (31.03.2014 ₹ 34 lakhs) being interest outstanding as at the beginning of the accounting year] | 21 | 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 | 14 | 21 |

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.

| Note 36 DERIVATIVE FINANCIAL INSTRUMENTS | Currency | As at 31st March, 2015 In Lakhs | | As at 31st March, 2014 In Lakhs | |
|--|----------|---------------------------------------|------|---------------------------------------|------|
| | | Buy | Sell | Buy | Sell |
| (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: | | | | | |
| Interest Rate Swap | USD | 42 | – | 60 | – |
| Option | USD | 5 | 5 | 5 | 5 |
| Forward Contract | USD | 1 | – | 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 | – | 2 | – | 3 |
| | EURO | * | * | – | * |
| Payables | USD | 1 | – | 1 | – |
| Loans Payable | USD | 87 | – | 100 | – |
| | EURO | – | – | 1 | – |
| (c) Mark to Market Loss as at year end are as follows: | | | | | |
| Mark to Market Loss provided for | INR | 34 | | 63 | |

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

Notes to Financial Statements

Note 37
RELATED PARTY DISCLOSURES (IN ACCORDANCE WITH ACCOUNTING STANDARD 18 NOTIFIED UNDER THE ACT)
(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) Joint Venture Company

McNally Sayaji NFLG Construction Equipment Co. Private Limited #

iii) Key management personnel

Mr. Subir Chaki – Whole time Director

No transactions during the year.

| (II) Transactions during the year: | MBECL | MCMT | MCMTI |
|---|------------------|------------|-------------|
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| Purchase of services | 137 (-) | - (-) | 10 (-) |
| Purchase of fixed assets | - (-) | - (-) | - (36) |
| Corporate Guarantee given | 3,354 (3,354) | - (-) | - (-) |
| Sale of Products and Services | 4,260 (5,823) | 83 (4) | 1 (207) |
| Rental income | 78 (74) | - (-) | - (1) |
| Expense Recovered | 288 (22) | - (-) | - (34) |
| Balance outstanding as at 31.03.2015 | | | |
| Trade Payables | 54 (110) | - (-) | 59 (-) |
| Trade and Other Receivables | 5,556 (7,527) | 31 (2) | 52 (215) |
| Other Current Liabilities | 170 (205) | - (56) | 113 (-) |
| | | | - |
| Outstanding Corporate Guarantee Given | 3,354 (3,354) | - (-) | - (-) |
| Outstanding Corporate Guarantee Received | 5,289 (5,108) | - (-) | - (-) |
| Relating to persons referred to in 37 (I) (b) (ii) above | | | |
| Remuneration paid | 93 (96) | | |
| Advance Outstanding | 19 (22) | | |

Figures in brackets are for the year ended 31st March, 2014

Notes to Financial Statements

(₹ in Lakhs)

| | Year Ended 31st March, 2015 | Year Ended 31st March, 2014 |
|--|--------------------------------|--------------------------------|
| Note 38 | | |
| CONTINGENT LIABILITIES AND COMMITMENTS | | |
| (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 | 2,239 |
| Other demands related to claims made by certain ex-employees towards employee benefits due to them | 257 | 257 |
| | 2,581 | 2,581 |
| (b) Others | | |
| Bills discounted with banks against letter of credit | 780 | 1,400 |
| Corporate Guarantee to banks on behalf of holding company | 3,354 | 3,354 |
| | 4,134 | 4,754 |
| | 6,715 | 7,335 |

The future cash outflow in respect to the above cannot be ascertained at this stage.

Note 39 CHANGE IN ACCOUNTING ESTIMATE

The Company has charged depreciation in keeping with the requirements of Schedule II to the Companies Act, 2013 and as a result the estimated useful lives of certain fixed assets have been revised with effect from April 1, 2014. Consequently, depreciation expense for the year is higher by ₹ 100 lakhs with corresponding impact on loss for the year. Additionally, pursuant to the transitional provision set out in the said Schedule II, the carrying amount of fixed assets (after retaining the residual values) aggregating ₹ 66 lakhs, which have no remaining useful life as on April 1, 2014, has been charged to the Statement of Profit and Loss with corresponding impact on loss for the year.

Note 40

The Company has made provision as at year end for all material losses, if any, on long term contracts.

| | | As at 31st March, 2015 | As at 31st March, 2014 |
|--|-----------|---------------------------|---------------------------|
| Note 41 | | | |
| EARNINGS PER SHARE | | | |
| Basic and Diluted | | | |
| Net Profit after tax available for Equity shareholders | (₹ Lakhs) | (2,853) | 116 |
| Weighted average number of shares outstanding | (No.) | 89,89,273 | 89,89,273 |
| Nominal value of the shares | (₹) | 10 | 10 |
| Earnings per share – Basic and Diluted | (₹) | (31.74) | 1.29 |

Notes to Financial Statements

Note 42

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”

Note 43

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.

Note 44

Previous year’s figure have been reclassified to conform to this year’s classification.

For **LOVELOCK & LEWES**

Firm Registration Number : 301056E

Chartered Accountants

Prabal Sarkar

Partner

Membership Number : 52340

Place : Kolkata

Date : 29th May, 2015

Subir Chaki

Whole-time Director

Tehnaz Punwani

Director

Uttam Tekriwal

Chief Financial Officer

Arunabha Acharya

Company Secretary

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures**Part "A": Subsidiaries**

The Company does not have any subsidiaries. Hence, this section is not applicable

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/Joint Ventures | | McNally Sayaji NFLG Construction Equipment Company Private Limited |
|-----------------------------------|--|---|
| 1 | Latest audited Balance Sheet Date | March 31, 2015 |
| 2 | Shares of Associate/Joint Ventures held by the company on the year end No. Amount of Investment in Associates/Joint Venture Extend of Holding % | * * 50% |
| 3 | Description of how there is significant influence | The Company will be holding 50% of Voting Rights on acquisition of Shares |
| 4 | Reason why the associate/joint venture is not consolidated | The JV was formed on November 11, 2014, and is yet to commence operations. Therefore, it has no financial transactions during the period ended March 31, 2015 |
| 5 | Networth attributable to Shareholding as per latest audited Balance Sheet | - |
| 6 | Profit / Loss for the year i. Considered in Consolidation ii. Not Considered in Consolidation | - - |

*Share Capital yet to be issued as at March 31, 2015

On behalf of the Board of Directors

Kolkata, August 12, 2015

Subir Chaki
Whole-time Director

McNally Sayaji Engineering Limited

Corporate Identity Number (CIN): L28999WB1943PLC133247
Registered Office: Four Mangoe Lane, Kolkata – 700001, West Bengal, India
T: +9133-3014 2280 | F: +9133 3014 2393
E: mse.corp@mbecl.co.in | W: http://www.mcnallysayaji.com/

Attendance Slip Annual General Meeting

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

| | |
|-------------------|---------------|
| DP ID | Client ID |
| Regd. Folio No. * | No. of Shares |

Name of Member: _____

Name of Proxy: _____

Address as registered with the Company: _____

I/We hereby record my/our presence at the Annual General Meeting of the Company to be held on Monday, September 28, 2015, at 11:00 a.m at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160

Please (✓) in the box. Member Proxy

Member's Signature

Proxy's Signature

*Applicable for investor holding shares in physical form

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 : L45202WB1961PLC025181
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 |
| DP ID |

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 Annual General Meeting of the company, to be held on the Monday, September 28, 2015, at 11:00 a.m at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1 To receive, consider & adopt the financial statements for the period ended March 31, 2015
- 2 To appoint a Director in place of Mr. Heath Brian Zarin (DIN: 02670769), who retires by rotation, and being eligible, offers himself for re-appointment
- 3 To ratify the appointment of the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company for the year ending March 31, 2016
- 4 To appoint Mr. Padam Kumar Khaitan (DIN: 00019700), a non-executive Director of the Company who retires by rotation at this Annual General Meeting, as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of three consecutive years or the date of the 74th Annual General Meeting
- 5 To appoint Mr. B Bhushan as a candidate for the office of the director of the Company, as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of three consecutive years or the date of the 74th Annual General Meeting
- 6 To ratify the appointment and remuneration of S K Sahu & Associates for conducting Audit of Cost Accounting records maintained by the Company as applicable, for the year ending 31st March, 2016

Signed this _____ day of _____ 2015

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Signature of shareholder

Signature of Proxy holder(s)

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
Ecospace Business Park, Campus-2B, 4th Floor
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