McNally Sayaji Engineering Limited

ANNUAL REPORT 2016-17

This Annual Report is available online at www.mcnallysayaji.com

Between the Covers...

Corporate Information

MCNALLY SAYAJI ENGINEERING LIMITED
CIN: L28999WB1943PLC133247

Board of Directors

Mr. Padam Kumar Khaitan	-	Non Executive Independent Director
Mrs. Tehnaz Punwani	-	Non Executive Independent Director
Mr. Brij Bhushan	-	Non Executive Independent Director
Mr. Heath Brian Zarin	-	Non Executive Director
Mr. Subir Chaki	-	Whole Time Director

Chief Financial Officer
Mr. Uttam Tekriwal

Company Secretary
Mr. Arunabha Acharya

Statutory Auditors
M/s Lovelock & Lewes, Chartered Accountants

Registered Office
4 Mangoe Lane, Kolkata - 700001
West Bengal

Corporate Office
Ecospace, Campus 2B, 11F/12 (AAII/Blk 3)
New Town , Rajarhat
Kolkata - 700156, West Bengal
T: +9133 6628 1213
E: mse.corp@mbecl.co.in
W: http://www.mcnallysayaji.com/

Registrar & Share Transfer Agent
M/s Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700001
T: +9133 2243 5029/5809
F: +9133 2248 4787
E: mdpldc@yahoo.com

Notice

NOTICE is hereby given that the Seventy Third Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on Wednesday, September 20, 2017, at 03:00 p.m at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700156, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:
    a. the audited Financial Statements of the Company for the financial year ended March 31, 2017, and the Reports of the Board of Directors and the Auditors thereon.
    b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017, and the Report of the 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 ratify the appointment of the Statutory Auditors and in this regard to pass, the following Resolution as an **Ordinary Resolution**:

    "**RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the recommendations of the audit committee of the Board of Directors and the Board of Directors of the Company, M/s Lovelock & Lewes, Chartered Accountants (FRN: 301056E) be and is hereby appointed as the Statutory Auditors of the Company, to hold office for a period of one year commencing from the conclusion of the Seventy Third Annual General Meeting until the conclusion of the Seventy Fourth Annual General Meeting on a remuneration that may be determined by the Board in consultation with the auditors.

Special Business:

4. To consider and if thought fit, to appoint Mr. Aditya Khaitan as a Director of the Company by adopting the following resolution as an **Ordinary Resolution**:

    "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Aditya Khaitan (DIN: 00023788), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 11, 2017, under Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation"
5. To consider and if thought fit, to appoint Mr. Srinivash Singh as a Director of the Company by adopting the following resolution as an **Ordinary Resolution**:

    "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Srinivash Singh (DIN: 00789624), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 11, 2017, under Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation"
6. To ratify the remuneration payable to the Cost Auditor and in this regard, 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 31st March, 2017, 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."
7. To consider and, if thought fit, to pass, the following Resolution as a **Special Resolution**:

    "**RESOLVED THAT** pursuant to section 188 and other applicable provisions of the Companies Act, 2013, ("the Act")

Notice

and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors to enter into contract(s)/ arrangement(s)/ transaction(s) with McNally Bharat Engineering Company Limited ("MBECL"), the holding company of this company and a related party within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, upto a maximum amount of Rs. 300 crore for the financial year 2017-2018 and onward provided, however that contract(s)/ transaction(s) so carried out shall at all times be on arm's length basis and in the ordinary course of the Company's business.

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution; sign and execute necessary documents and papers on an ongoing basis and to do and perform all such acts, deeds and things as may be necessary or in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings in this regard.

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any one or more Directors of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution."

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

Arunabha Acharya
Company Secretary

Kolkata, August 11, 2017

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.
- Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution of the Company that authorizes such representative to attend and vote on their behalf at 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 13, 2017.
- 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 14, 2017 to September 20, 2017 (both days inclusive).

Notice

- Pursuant to the provisions of 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.**
  23, R. N. Mukherjee Road, 5th Floor
  Kolkata – 700001
- Members may also note that the Annual Report of the Company for the Financial Year 2016-17 and the Notice of the AGM to be held on September 20, 2017, will be available in the "Investors" section on the Company's portal http://www.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 Board of Directors of the Company at their meeting held on August 11, 2017, appointed Mr. Aditya Khaitan (DIN: 00023788) as an Additional Director of the Company with effect from August 11, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and the Articles of Association of the Company.

Mr. Aditya Khaitan will hold office upto the date of this AGM. The Company has received a notice in writing under Section 160 of the Act from a member, along with a deposit of requisite amount proposing the candidature of Mr. Aditya Khaitan for the office of the Director, to be appointed as such, under the provisions of Section 149 of the Act.

The Company seeks the approval of the Members for the appointment of Mr. Aditya Khaitan to act as a non-executive director of the Company, liable to retire by rotation.

Brief Profile:

Mr. Aditya Khaitan hails from a renowned family of industrialists, having interest in diverse business activities. Mr. Khaitan has in-depth exposure to and involvement in steering diverse business and has gained considerable experience and expertise in management, production, marketing, corporate finance and also in the matter of restructuring, mergers, de-mergers and acquisitions of corporate entities. He is also the Non-Executive Chairman of the holding company, McNally Bharat Engineering Company Limited.

Mr. Aditya Khaitan currently holds no shares in the Company. He is not related to any of the Directors in the Board of Directors of the Company. He currently serves as a director in the following listed entities:

- McLeod Russel India Ltd
- Williamson Magor & Co. Ltd.
- Williamson Financial Services Ltd.
- McNally Bharat Engineering Company Ltd.
- Eveready Industries India Limited
- Kilburn Engineering Limited

None of the Directors, other than Mr. Aditya Khaitan, are interested or concerned in the resolution.

Your Directors recommend the resolution for appointment of Mr. Aditya Khaitan for approval of the members.

Item No. 5

The Board of Directors of the Company at their meeting held on August 11, 2017, appointed Mr. Srinivash Singh (DIN: 00789624) as an Additional Director of the Company with effect from August 11, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and the Articles of Association of the Company.

Mr. Srinivash Singh will hold office upto the date of this AGM. The Company has received a notice in writing under Section 160 of the Act from a member, along with a deposit of requisite amount proposing the candidature of Mr. Srinivash Singh for the office of the Director, to be appointed as such, under the provisions of Section 149 of the Act.

The Company seeks the approval of the Members for the appointment of Mr. Srinivash Singh to act as a non-executive director of the Company, liable to retire by rotation.

Brief Profile:

Mr. Srinivash Singh brings in more than four and half decades of experience in successfully managing EPC projects in the country, besides running large manufacturing units. He is the Managing Director of the holding company, McNally Bharat Engineering Company Limited. He helped making strategic tie-ups with a number of foreign entrepreneurs and experts who were motivated to look at the larger perspective of the gigantic growth in the infrastructure sector in India and arrive at mutually beneficial agreements with McNally Bharat Engineering Company Limited, that did not result in outflows greater than the benefits earned, which is often the case.

Mr. Srinivash Singh currently holds 200 shares in the Company. He is not related to any of the Directors in the Board of Directors of the Company. He currently serves as a director in the following listed entities:

- McNally Bharat Engineering Company Ltd.

None of the Directors, other than Mr. Srinivash Singh, are interested or concerned in the resolution.

Your Directors recommend the resolution for appointment of Mr. Srinivash Singh 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, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 40,000/- (Rupees Forty Thousand Only) 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

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, 2017.

Item No. 7

Your Company in its ordinary course of business and on arm's length conducts various transactions with its holding company, McNally Bharat Engineering Company Limited (“MBECL”). These transactions include purchase and sale of goods and services. Your Company sells its products and services it has expertise in to MBECL to fulfil their specific requirements. Similarly, over the course of normal business activities, your Company purchases goods and services from MBECL. Also, to finance its working capital requirements, your Company approaches MBECL to provide Corporate Guarantees on its behalf to banks and other institutional lending organizations, within limits approved by the Members of MBECL. Your Company also has a rental income from MBECL.

Your Company has noted that MBECL and your Company fall under the category of “Related Party” in terms of the provisions of Section 2(76) of the Companies Act, 2013, and Regulation 23 of the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015. These provisions consider a transaction with a related party to be material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company. Further, these provisions require all material related party transactions to be approved by the shareholders through a special resolution and the related parties shall abstain from voting on such resolutions.

Your Company anticipates that the transaction(s) entered into with MBECL and your Company whether individually and/ or in aggregate may exceed the stipulated threshold of ten percent of the annual consolidated turnover of your Company as per the last audited and financial statements of the Company during the financial year of the Company. Your Company, therefore, requires approval of the shareholders through a special resolution for entering into contract(s)/ arrangement(s)/ transaction(s) with MBECL upto a maximum amount as mentioned in the resolution from the financial year 2017-2018 and onward.

Although approval of the shareholders would not be required under the provisions of Section 188 of the Companies Act, 2013 and the rules framed thereunder for the specified transactions with these two companies, the same is being sought as an abundant precautionary measure.

All related parties shall abstain from voting on these resolutions

Information under Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014

Name of the related party	:	1. McNally Bharat Engineering Company Limited (Holding Company) 2. McNally Sayaji Engineering Limited
Name of the Director or Key Managerial Personnel who is related	:	None of the Directors or the Key Managerial Personnel of either Companies are related
Nature of Relationship	:	N.A
Nature, material terms, monetary value and particulars of the contract or arrangement	:	Purchase and Sale of Goods and Services by the related parties on an Arm's Length Basis, rental income on properties leased, short term loans and interest thereon, and reimbursement of expenses for services provided. Estimated aggregate value of all the transactions is Rs. 300 Crores.

The Audit Committee of your Company have given an omnibus approval to the value of the related party transactions proposed to be entered into and have noted that this is in line with the Company's policy on Related Party Transactions at their Meeting held on May 30, 2017.

The Board of Directors recommends the passing of the Special Resolution contained in Item No. 7 of the accompanying Notice.

Except Mr. Aditya Khaitan and Mr. Srinivash Singh, who are the Chairperson and the Managing Director of MBECL respectively, none of the Director and the Key Managerial Personnel or their Relatives is concerned or interested in the Resolution.

Information of the Directors, offering themselves for re-appointment, mentioned in Resolution No. 2 pursuant to the provisions of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Mr. Heath Brian Zarin (DIN: 02670769)

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 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.

Notice

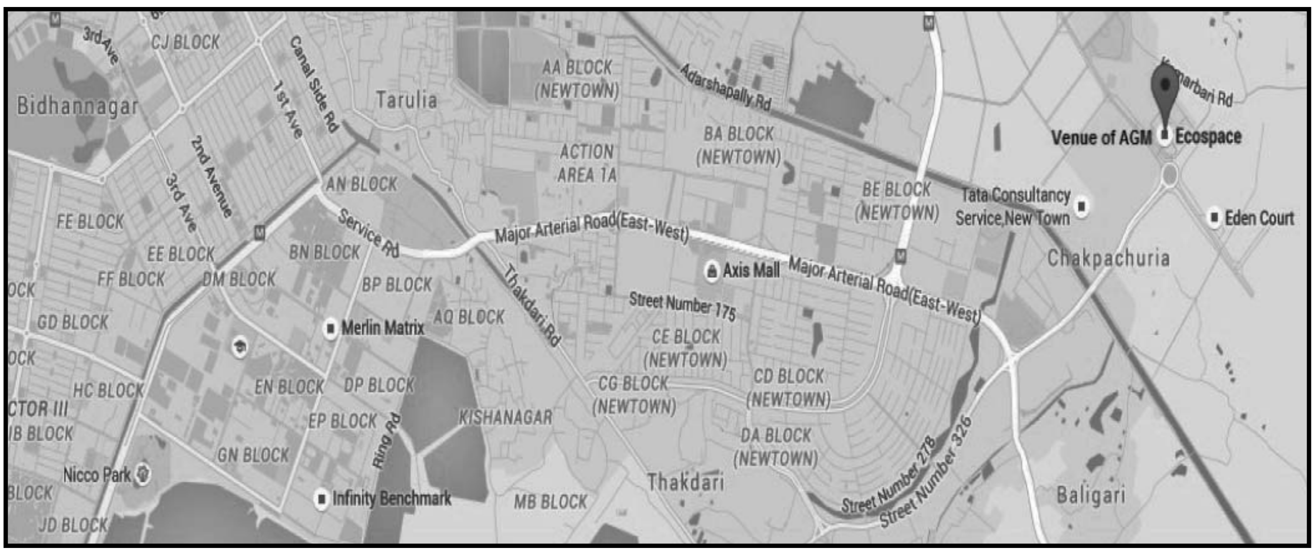
Mr. Heath Brian Zarin is not related to any other member of the Board of Directors of the Company. He currently holds no shares in the Company and is not a Director in any other listed company in India.

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

Arunabha Acharya
Company Secretary

Kolkata, August 11, 2017

Venue of the Annual General Meeting



Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160
(Major Landmarks: Rabindra Tirtha, Tata Medical Centre, Unitech Infospace,
TCS Geetanjali Park, Eden Court, Aliah University)

Directors' Report

Dear Shareholders,

Your Directors take great pleasure in presenting the Directors' Report for the year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended March 31, 2017, is summarized below: (₹ in Lakhs)

	2016-17 (As per Ind AS)	2015-16 (As per Ind AS)
Revenue from Operations	26,333	23,475
Other Income	1,185	1,844
Total Revenue	**27,518**	**25,319**
Finance Costs	3,449	3,302
Depreciation and amortization expenses	1,616	1,579
Profit / (Loss) before Tax	**(2,512)**	**(2,608)**
Tax Expenses	(3,078)	(6)
Profit/ (Loss) after Tax	**566**	**(2,602)**

Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) vide its notification in the official gazette dated February 16, 2015, notified Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For the Company, Ind AS has been adopted from April 1, 2016, with a transition date of April 1, 2015.

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. 263.33 Crores, a 10% increase over the previous year's Sales of Rs. 234.75 Crores. The Company earned a Profit after tax of Rs. 5.66 Crores, due to benefits of Deferred Tax, as against a loss of Rs. 26.02 Crores in the previous year. With fewer projects in the previous year, business opportunities for equipment manufacturers have been constrained. The coal and thermal power sector showed signs of revival. The infrastructure sector, mainly road, railways and port have witnessed a spurt in investments and the stated thrust of the government in this sector is expected to remain. The demand for aggregate, construction and material handling equipment has been buoyant and several manufacturers both local and international who were dormant for long, have rushed in. The Company's initiative in the Sand Plant business is bearing fruits with the successful installation in Karnataka and orders of six plants. The aggregate two and three stage crushing plant initially ran into rough weather but by the end of FY 16-17, there are six installations running successfully. The cement sector is showing signs of revival and several brown field project enquiries are being received. The first order has been bagged for a cement plant in Nepal and the mill has successfully been manufactured and delivered. A major R&D initiative has been taken to develop in house large capacity for 1000 TPH limestone crushers. In addition, the company has developed dry grinding mills of secondary clinker crushing. The Company has bagged several orders for material handling equipment like wagon tippler, stacker cum reclaimer and paddle feeders and are buoyant by positive response particularly for Paddle feeders. While the above steps will help to utilise its capacities better, the Company also intends to reduce its debt burden by restructuring its assets to make the organisation leaner and fitter.

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.

Directors' Report

Promoters

McNally Bharat Engineering Company Limited is the holding company of your company while EMC Limited and Williamson Magor & Co. Limited continue to be the remaining Promoters of the Company.

Share Capital

During the Year ended March 31, 2017, the Company had issued 36,00,000 compulsorily convertible preference shares ("CCPS") of Rs. 10 each at a premium of Rs. 65 per CCPS convertible into one equity share of Rs. 10 each at a premium of Rs. 65 per equity share at any time within 18 months from the date of allotment of CCPS to its holding company, McNally Bharat Engineering Company Limited. The Equity Share Capital of the Company at 89,89,273 Equity Shares of Rs.10/- each remains unchanged.

Corporate Governance

Pursuant to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a 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, 2017.

Transfer to Reserves

No amount has been transferred to the General Reserves of your Company at the financial year ended March 31, 2017.

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

Directors' Report

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, 2017, your Company has not accepted any deposits from the public

Directors and Key Managerial Personnel

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, 2017, 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 27, 2016, August 23, 2016, September 14, 2016, December 14, 2016, February 14, 2017, and March 31, 2017. 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, 2017, consisted of Mr. Padam Kumar Khaitan, Mrs. Tehnaz Punwani and Mr. B Bhushan. Mrs. Tehnaz Punwani, Non-Executive Independent Director, served as the Chairperson 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 is chaired by Mr. Padam Kumar Khaitan, a Non-Executive Independent Director, as at March 31, 2017.

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 the Company)”.

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 2016-17.

Directors' Report

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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2017.

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 VIII.

Statutory Auditors

M/s Lovelock and Lewes, Chartered Accountants (FRN: 301056E), the Statutory Auditors of the Company shall be holding 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, which has been ratified by the Members of the Company. M/s Lovelock and Lewes, being eligible, offer themselves for re-appointment as the Statutory Auditor of the Company to hold office till the conclusion of the Annual General Meeting for the year ended March 31, 2017.

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, 2017, 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 2016-17.

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, stock in trade, etc. are adequately insured.

Directors' Report

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

Subir Chaki

Kolkata, August 11, 2017

Whole-Time Director

Annexure A

Information under the provisions of Companies (Accounts) Rules, 2014, forming part of the Directors' Report for the year ended March 31, 2017.

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. 4,92,409 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 11,98,260 Units were generated. This resulted in revenue generation to the tune of Rs.97.04 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. 200 TPH Coal Crushing Plant with Vibrating GrizzlyFeeder.

ii. Optimized design of Dump Hopper for Jaw Crusher.

iii. 400TPH Skid Mounted Coal Crushing Plant with automatic undersize bypass system.

iv. 200TPH three stage stationary Aggregate Crushing Plant

v. Development of Dump Hopper with inclined Vibrating Grizzly Feeder for 250 TPH aggregate plant

c) Design and development of 1000 mm X 1500 mm mechanical VibroFeeder with unbalanced motors.

d) Development of new range of MSEL Slurry Pumps to achieve High Performance features is continuing and commercial production of the same has commenced.

e) Development of Dynamic Seals for Slurry Pump.

f) Development of High Head Slurry Pumps with Flow 100-500m3/hr and Head 60m-90m Head

g) Development of new MP80 Slurry Pump

h) Environment compliance by products and processes

i) 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) Increased 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 to minimize overall cost of the pumps.

b) Development of High Head Pumps with discharge size150mm and 200mm.

c) Development of Heavy Duty Slurry Pumps for Ball Mill Application

Annexure A

d) Engineering and Design Development of:

- 1000 TPH coal crushing plant with Single Roll Crusher for 1200mm feed size.
- 1000 TPH coal crushing plant with Double Roll Crusher for 1200mm feed size
- 1000 TPH coal crushing plant with Double Roll Crusher for 250mm feed size.
- 400 TPH skid mounted coal crushing plant with heavy duty Impactor for 600mm feed size.

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, 2017	For the Year ended 31st March, 2016
a)	Capital	-	-
b)	Recurring	50	54
c)	Total R & D Expenditure	50	54
d)	Total R & D Expenditure as a percentage of total turnover	0.21%	0.24%

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, 2017	For the Year ended 31st March, 2016
1)	Foreign Exchange Earned	45	326
2)	CIF Value of Import	264	621
3)	Expenditure in Foreign Currency		
	- Travelling & Royalty	35	1

On behalf of the Board of Directors

Subir Chaki
Kolkata, August 11, 2017 *Whole-Time Director*

Annexure B

Management Discussion & Analysis

Industry Structure and Developments

The manufacturing facilities of this company have been built primarily to serve the iron ore, steel, coal and thermal power industry and base metals. For the last successive years, all these sectors have been very sluggish due to bearish global demand. However, many of these industries are now showing signs of recovery backed by corrections in supply and domestic demand.

The thermal coal prices have recovered significantly. The zinc prices have also shot up by about 40% in the last 18 months and are expected to move higher. Similarly, with corrections in the Chinese supply side, the aluminium indexed prices have steadily moved up by 10 -15%. Both these metals are expected to continue to outperform and investments in these sectors are likely to come up. Copper prices have also moderately recovered from its low. Uranium prices have also been low and though Kazakhstan, the world's largest producer took a sharp cut in production, it failed to improve prices on the back of declining nuclear power sentiments.

Business Scenario and Outlook

With fewer projects in the previous year, business opportunities for equipment manufacturers have been constrained. While most of our relevant competitors have seen a slump in their order book and top line, our company has at least succeeded in ensuring order booking at previous year levels.

The coal and thermal power sector showed signs of revival and several new projects have been or in the process of being awarded to the various EPC companies. As equipment manufacturers, this is a good development and opportunities in both the crushing and screening and material handling sector are emerging.

The infrastructure sector, mainly road, railways and port have witnessed a spurt in investments and the stated thrust of the government in this sector is expected to remain. The demand for aggregate, construction and material handling equipment has been buoyant and several manufacturers both local and international who were dormant for long, have rushed in.

In the last two years, the company has taken a broad three pronged strategy to counter the subdued demand in the traditional sectors.

1. Enter into strategic tie ups to move away from traditional sectors into emerging sectors, selecting those whose equipment manufacturing utilise our manufacturing facilities.
2. Complement our in-house skills in R&D and marketing teams with perpendicular inductions from players in the emerging markets and focus of new product developments.
3. Maximise sale of spares and fully exploit the replacement market specifically for brown field projects by creating data bank of installation wise spare sales history.

With the thrust of the Government in the infrastructure sector, aggregate crushing, sand manufacturing and cement have seen a spurt in demand. Environment legislations are being put in place resulting in ban in river sand mining progressively across all states in India. In the previous year, the company had entered into a technology tie up with an US manufacturer, Sizetech for design and engineering of high frequency screens. The first installation was successfully put up in Karnataka during the year. The year ended with orders of six plants.

Prospects in this sector are bright and the company has now put up an organisation adding personnel with exposure in this field for effectively marketing the plants. The sand plants have the potential of generating decent after sales and spares business for the company. There is an emerging requirement for OEM contracts for sand washing and the company intends to offer this service as an USP.

The aggregate two and three stage crushing plant tie up with Yifan is now bearing fruit. The initial installations ran into rough weather but provided opportunity to train our people and learn from our mistakes. By the end of FY 16-17, there are six installations running successfully. We now have a trained marketing, engineering support and a service team to cater to the demanding nature of this industry. Scope exists of combining the aggregate crushing with the sand washing business as both have same customer base and complement each other. At present no equipment manufacturer can offer this end to end solution.

Annexure B

The cement sector is showing signs of revival and several brown field project enquiries are being received. The company has capabilities in crushing of additives and correctives and coal for CPP and kiln. This year, a major R&D initiative has been taken to develop in house large capacity, 1000 TPH limestone crushers which is in demand and competition is limited. In addition, the company has developed dry grinding mills of secondary clinker crushing. The first order has been bagged for a cement plant in Nepal and the mill has successfully been manufactured and delivered.

In the previous year, the company started the material handling business. This year it has bagged several orders equipment like wagon tippler, stacker cum reclaimer and paddle feeders. In this financial year alone orders for 12 numbers paddle feeders have been received and this has now become our regular product line. There is a regular replacement market for the paddle feeders and the company can offer this product at competitive prices.

All the equipment for the iron ore beneficiation plant have been manufactured and supplied and the plant is in the process of erection and commissioning. Once this is successfully commissioned, this will create a very strong reference for beneficiating low grade fine ore at attractive capital costs.

Challenges

The major challenge of the company continues to be servicing of debt and the abnormal interest rates charged by the lenders. There exists a scope for rationalisation of manufacturing facilities which do not remain fully utilised due to limited orders in the market.

Challenge also is emerging from the international manufacturers who are now aggressively offering new generation crushers and larger grinding mills. Gradually as project sizes become bigger demand for such equipment is going to grow.

Strategies

The company has adopted the following strategies to mitigate the challenges envisaged.

1. Actively pursue the aggregate business banking on the successful reference created for both multistage crushing plants and sand washing plants.
2. Bid for small beneficiation plants for iron ore, slime and limestone on E&P basis.
3. Bid for material handling equipment, particularly the paddle feeders.
4. Develop and aggressively market crushers and grinding mills for the cement industry.
5. Offer O&M solutions for the sand washing and coal crushing plants.
6. Look for opportunities for rationalisation of assets and restructure the debt.

Discussion on Financial Performance with respect to Operational Performance.

The Company could achieve a Sales turnover of Rs. 263.33 Crores, a 10% increase over the previous year's Sales of Rs. 234.75 Crores. The Company earned a Profit after tax of Rs. 5.66 Crores due to the benefits of deferred Tax account during the year. With liquidity still remaining a constraint, the borrowing cost remains high. The Company has been consciously reducing its fixed overheads where ever is possible and has been able to maintain a positive EBIT.

Material Development in Human Resources / Industrial Relations

The industrial relations in the company continue to be cordial. Despite difficult situations, the employees have stood by the company. There has been no industrial unrest or lost work days.

The Personnel Department of the company is suitably staffed to take care of its employees and motivate them. Several skill development programs are conducted and the management has regularly exposed its employees to recent changes in legislation, implementation of GST, the Companies Act and the changes in ISO standards.

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

Annexure B

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 within which the Company has business relations and various other incidental factors.

On behalf of the Board of Directors

Subir Chaki
Kolkata, August 11, 2017 *Whole-time Director*

Annexure C
Report on Corporate Governance

Your Company's 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, 2017 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, 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 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 independent chartered accountants' firms.
- 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 five members at the end of the financial year, consisting of three independent directors, one non-executive director and one whole time director. The independent and non-executive directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance and law. The composition is as under:

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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, 2017
		Public	Private	Is a Member	Is a Chairperson	
Mr. Subir Chaki	Professional – Executive	2	1	-	-	-
Mr. Padam Kumar Khaitan	Independent – Non Executive	8	4	-	-	-
Mr. Heath Brian Zarin	Non Executive	1	-	-	-	-
Mrs. Tehnaz Punwani	Independent – Non Executive	1	1	-	-	-
Mr. Brij Bhushan	Independent – Non Executive	1	6	-	-	-

Excluding Foreign Companies

1. All independent directors have confirmed their independence to the Company.
2. The non-executive directors have no pecuniary relationship or transactions with the Company in their personal capacity.
3. None of the directors are related to each other in terms of the provision of the Companies Act, 2013.
4. The information as mentioned in Annexure – X of Clause 49 of the Listing Agreement with the Stock Exchange and Part A Schedule II of the SEBI (LODR) Regulations, 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.
5. 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 Director is attached to this report.
6. All the directors who are on various Committees are within the permissible limits of the listing agreement and the SEBI (LODR) Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
7. 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

Annexure C

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 :

No sitting fees were paid to any of the non-executive directors of the company during the financial year 2016-17. Additionally, the company has not made any financial transactions with any of its non-executive directors during the said financial year.

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	10.28
Total remuneration	**97.19**

Notes:

1. Mr. Subir Chaki's tenure as the Whole Time Director of the Company had come to an end as at January 8, 2017. Subsequently, the Board of Directors of the Company, at their meeting held on December 14, 2017, recommended for a further extension of tenure by one year beginning from January 9, 2017. The said proposal was placed before the Members of the Company at an Extraordinary General Meeting held on March 29, 2017. The proposal was adopted by a Special Resolution of the Members of the Company at the said meeting.
2. The resolution for appointing the Whole Time Director does not provide for payment of severance fees.

f. Board Meetings and attendance of Directors :

(i) The members of the Board have been provided with the requisite information mentioned in the SEBI (LODR) Regulations well before the Board Meetings and the same were dealt with appropriately.

(ii) During the year, 6 Board Meetings were held on May 27, 2016, August 23, 2016, September 14, 2016, December 14, 2016, February 14, 2017, and March 31, 2017. The provisions of Section 173(2) of the Companies Act, 2013, 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, 2017 and of the last Annual General Meeting is as under :-

Directors	Number of Board Meetings attended	Attendance at the Last AGM
Mr. Subir Chaki	6	Yes
Mr. Padam Kumar Khaitan	4	Yes
Mr. Heath Brian Zarin	1	No
Mrs. Tehnaz Punwani	5	Yes
Mr. Brij Bhushan	3	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.

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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 Regulation 18 of the SEBI (LODR) Regulations. The powers of the Audit Committee are in accordance with Regulation 18 of the SEBI (LODR) Regulations. The Audit Committee also reviews the information stipulated under Regulation 18 of the SEBI (LODR) Regulations.

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;

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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:

Mrs. Tehnaz Punwani (Chairperson)
Mr. Padam Kumar Khaitan
Mr. B Bhushan

All the members of the Audit Committee are Non-executive Directors. The Committee has elected Mrs. T. Punwani as its Chairperson. All the members of Audit Committee are financially literate and have accounting expertise.

The Audit Committee Meetings were held on May 27, 2016, September 14, 2016, December 14, 2016, and February 14, 2016. The attendance of each Audit Committee member is as under:-

Name of Audit Committee Member	Number of meetings attended
Mrs. Tehnaz Punwani	3
Mr. Padam Kumar Khaitan	3
Mr. B Bhushan	4

At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors, Whole Time Director, 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 role and terms of reference of the Nomination and Remuneration Committee includes the areas laid down in Section 178 (1) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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)

Mrs. Tehnaz Punwani

Mr. B Bhushan

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The meeting of the Nomination & Remuneration Committee of the Company was held on December 14, 2016. 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	-
Mrs. Tehnaz Punwani	1
Mr. B Bhushan	1

The Remuneration Policy of the Company is given separately in Annexure F of the Directors' Report.

VII. Stakeholders Relationship Committee

The name of the 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. The following directors are members of the as at March 31, 2017:

Mr. Padam Kumar Khaitan (Chairman, Independent Director)

Mrs. Tehnaz Punwani (Independent Director)

Mr. Subir Chaki (Wholetime Director)

The **Stakeholders Relationship Committee** of the Company met four times during the year on May 27, 2016, September 14, 2016, and December 14, 2016. The attendance of the members of the Shareholders'/Investors' Grievance Committee was as follows:

Shareholders'/Investors' Grievance Committee Member	Number of meetings attended
Mr. Padam Kumar Khaitan	2
Mrs. Tehnaz Punwani	2
Mr. Subir Chaki	3

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 2016-17.

Nature of complaints	Pending as on April 1, 2016	Received during the year	Replied/ resolved during the year	Pending as on March 31, 2017
Non receipt of Dividend Warrants	0	0	0	0
Non receipt of Share certificates	0	0	0	0
Non receipt of Annual Reports	0	0	0	0
Total	**0**	**0**	**0**	**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, 2017, and all requests for dematerialization and re-materialization of shares as on that dates were confirmed/ rejected into the NSDL / CDSL system.

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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. The following directors are members of the as at March 31, 2016:

Mrs. Tehnaz Punwani (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 27, 2016, which was attended by Mrs. Tehnaz Punwani and Mr. Subir Chaki.

IX. Meeting of Independent Directors

During the year a meeting of the Independent Directors was held on March 31, 2017, which was attended by Mr. Padam Khaitan, Mrs. Tehnaz Punwani and Mr. B Bhushan.

X. Extraordinary General Meeting

An Extraordinary General Meeting of the Company was held on March 29, 2017.

The attendance recorded for each of the Directors at the last Extra Ordinary General Meeting is as under:-

Directors	Attendance at the Last EGM
Mr. Padam Kumar Khaitan	No
Mr. Heath Brian Zarin	No
Mrs. Tehnaz Punwani	Yes
Mr. Brij Bhushan	No
Mr. Subir Chaki	No

XI. Subsidiary Companies

MBE Coal & Mineral Technology India Private Limited is a subsidiary of the Company.

XII. Disclosures

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

b. Disclosures on Materially Significant Related Party Transactions having Potential Conflict: NIL

c. 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.

d. Compliance of Laws & Regulations relating to Capital Markets: The Company is currently listed with Delhi Stock Exchange, Vadodara Stock Exchange and Ahmedabad Stock Exchange, which are currently not recognized stock exchanges under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Therefore, the provisions of the said regulations are not applicable to the Company. However, as a measure of good corporate governance and for the benefit of its stakeholders, the Company has complied with all the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the financial year. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during last three financial years.

Annexure C

e. 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.

f. 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.

g. The management has informed the Board 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.

h. The Whole Time Director and the CFO have certified, in terms of Regulation 17(8) of the SEBI (LODR) Regulations, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

i. The Company has issued formal appointment letters to all Independent Directors and the terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company.

j. 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 the Annual Report. The policy on Independent Director's familiarization and continuing education programme is available at the Company's Website.

k. Details of non compliance by the Company, penalties, and 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.

l. None of the non-executive director has any pecuniary relationship or transactions with the company.

m. All the mandatory requirements have been appropriately complied with.

n. All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

o. There were no material financial and commercial transactions by Senior Management 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.

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
70th	Tuesday	July 29, 2014	03.00 p.m	7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700156
71st	Monday	September 28, 2015	11.00 a.m	7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700156
72nd	Thursday	September 29, 2016	03.00 p.m	7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700156

Annexure C

Extraordinary General Meeting

Date	Time	Venue	Special Resolutions Passed
Monday, May 4, 2015	11:00 a.m	4th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata - 700156	• Approval of managerial remuneration of Mr. Subir Chaki, Whole Time Director of the Company • Reappointment of Mr. Subir Chaki as Whole Time Director of the Company for a further period of two years, with effect from January 9, 2015
Monday, November 23, 2015	11:00 a.m	4th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata - 700156	• Entering into contract(s)/ arrangement(s)/ transaction(s) with McNally Bharat Engineering Company Limited, the holding company of the company, and a related party under the provisions of the Companies Act and SEBI (LODR) Regulations, upto a maximum amount of Rs. 250 crore for the financial year 2015-2016.
Wednesday, March 29, 2017	11:00 a.m	4th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata - 700156	• Alteration of the Memorandum of Association of the Company. • Issue of Compulsorily Convertible Redeemable Preference Shares ("CCPS") to McNally Bharat Engineering Company Limited on a preferential basis. • Extension of tenure of Mr. Subir Chaki as Whole Time Director of the Company

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, 2014	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, 2014	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, 2014	67,29,696 100% of the valid votes casted	NIL, 0.00% of the valid votes casted
Approval of shareholders for entering into contract(s) / arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited upto a maximum amount of Rs. 250 Crores for the financial year 2016-17.	September 29, 2016	68,01,849 100% of the valid votes casted	NIL, 0.00% of the valid votes casted

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

Annexure C

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. 73nd Annual General meeting to be held:

Day, Date, time and venue :

Day	:	Wednesday
Date	:	September 20, 2017
Time	:	03:00 p.m
Venue	:	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160
b. Financial Year	**:**	**2017-2018**
First Quarterly Results	:	On or before 14th August 2017
Second Quarterly Results	:	On or before 15th November 2017
Third Quarterly Results	:	On or before 15th February 2018
Audited Yearly Results for the Year ended March 31, 2018	:	On or before 30th May, 2018
c. Period of Book Closure	:	September 14, 2017, to September 20, 2017 (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 the applicable Stock Exchanges. No listing fees have been charged by The Vadodara Stock Exchange Limited and The Delhi Stock Exchange Limited as both have received their exit orders from SEBI. The International Securities Identification Number (ISIN) for the Company's shares in dematerialized form is INE105E01011. Pursuant to the exit order received from the Delhi Stock Exchange, the Company has been moved in the Dissemination Board of BSE Ltd. Information about the Company is available in the Dissemination Board of BSE Ltd.

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 2016-17 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, 23 R N Mukherjee Road, 5th Floor, 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, 23 R N Mukherjee Road, 5th Floor, Kolkata - 700001. Shareholders have the option to open

Annexure C

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, 2017:

No. of Shares	No. of holders	% of total holders	No. of shares	% of total shares
1 to 500	848	87.88	210959	2.35
501 to 1000	63	6.53	56590	0.63
1001 to 2000	19	1.97	30100	0.33
2001 to 3000	3	0.31	6700	0.07
3001 to 4000	8	0.83	29600	0.33
4001 to 5000	5	0.52	24300	0.27
5001 to 10000	6	0.62	39300	0.44
10001 and above	13	1.34	8591724	95.58
Total	**965**	**100.00**	**8989273**	**100.00**

i. Pattern of Shareholding as on March 31, 2017:

	Category	No. of Holders	No. of Shares
1	Promoter & Promoter Group		
	- Individual/HUF (Indian)	-	-
	- Bodies Corporate (Indian)	3	6,801,724
	- 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	10	436,690
7	Foreign Companies	-	-
8	Resident Individual	942	360,359
9	Non Resident Individual	6	50,500
	Total	**1,080**	**8,989,273**

j. Dematerialization of Shares:

As on March 31, 2017, 8,749,073 Shares of the Company's total shares representing 97.33% shares were held in dematerialized form and the balance 2.67% representing 240,200 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
23 R N Mukherjee Road, 5th Floor, Kolkata – 700001

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 11, 2017

Certificate of Compliance of the Code of Conduct of the Company

This is to state that all the Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Senior Management Personnel, respectively, in respect of the financial year ended March 31, 2017.

For **McNally Sayaji Engineering Limited**

Subir Chaki
Whole-time Director

Uttam Tekriwal
CFO

Kolkata,

Auditors' Report on Corporate Governance for the Financial Year ended March 31, 2017

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 2017, as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

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 SEBI (LODR) Regulations, 2015.

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

J. Patnaik
Proprietor
FCS: 5045, CP: 3102

Place: Kolkata
Date : August 11, 2017

Annexure D

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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). 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 McNally Sayaji Engineering Limited and also based on 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 31st March, 2017 ("Audit Period") 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 31st March, 2017 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 there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) 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 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (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;
- (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(vi) Other applicable laws generally applicable to the Industry/Company:

- a) The Payment of Wages Act, 1936;
- b) The Payment of Gratuity Act, 1972;
- c) The Child Labour (Prohibition & Regulations) Act, 1986;
- d) The Environment (Protection) Act, 1986, read with the Environment (Protection) Rules, 1986;
- e) The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975;

Annexure D

f) The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;

(vii) Other applicable laws specifically applicable to the Industry/Company:

a) Factories Act, 1948;

b) The Minimum Wages Act, 1948;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements/Regulations entered/adopted into by the Company with the Vadodara Stock Exchange Limited, Ahmedabad Stock Exchange Limited and the 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.

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, if any 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 the Company entering into any event/s, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, referred to above for example.

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

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

J. Patnaik
Proprietor
FCS No.: 5045
C.P. No.: 3102

Place : Kolkata
Date: 11/08/2017

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. 9,719,400	24.52:1
Non Executive Directors		
Mr. Padam Kumar Khaitan Independent Director	–	–
Mr. Heath Brian Zarin Independent Director	–	–
Mrs. Tehnaz Punwani Independent Director	–	–
Mr. B Bhushan Independent Director	–	–

(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. Padam Kumar Khaitan	Independent Director	Nil
Mr. Heath Brian Zarin	Independent Director	Nil
Mr. Brij Bhushan	Independent Director	Nil
Mrs. Tehnaz Punwani	Independent Director	Nil
Mr. Subir Chaki	Whole Time 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: 303

(v) 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) = -3.5%

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

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

The remuneration paid during the financial year ended March 31, 2017, is in terms of the Remuneration Policy of the Company.

On behalf of the Board of Directors

Subir Chaki

Kolkata, August 11, 2017

Whole-time Director

Annexure E

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

(Rs. In Lakhs)

Name	Designation	Permanent or Contractual	Qualifications	Total Experience	DoJ	Age	Previous Employment & Designation	CTC
Dr. Asim Kumar Sen	Senior General Manager.	Permanent	MBBS	33	01-Jun-88	58	MBE, Medical Officer	23.20
Mr. S. Chattopadhyaya	Advisor	Contractual	M Tech	37	16-Aug-16	61	SMS India Pvt Ltd.,Consultant -Head -QA	24.00
Mr. Prashanth Gangadhar Amin	Sr. General Manager	Permanent	BE	36	10-Jan-16	58	Veer ReSources and Projects Pvt Ltd.,GM	25.74
Mr. Amlan Bikas Das	Senior General Manager. R&D and Marketing support	Permanent	M. Tech	30	02-Aug-06	59	MAM. C Ltd. Asst. Support	27.58
Mr. Bharat Bhushan Jain	Sr. GM	Permanent	Chartered Accountant	36	01.07.2008	57	PK Chopra & Co., CA	28.68
Mr. Mukesh Kr. Sinha	Associate Vice-President.& Unit Head	Permanent	B. Sc (Engg)	51	06-Mar-06	51	MBE ,GM	28.81
Mr. Kunalbhai A Patel	Asso. VP	Permanent	MBA – Marketing	29	01.10.2008	52	Sayaji Iron & Engg .ltd (Director)	35.66
Mr. Praveen P Deshmukh	COO	Permanent	BE – Mechanical	33	14.02.2012	54	TRF Ltd .Chief (BHMS)	40.75
Mr. Uttam Tekriwal	Chief Finance Officer.	Permanent	Chartered Accountant	27	01-Sep-09	50	Duncans Tea Ltd.	44.56
Mr. Mohan Bhasker	Sr. Vice president	Permanent	B.E	30	03-May-93	52	Karthik Electrical, Business. Manager	61.29

Annexure F

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.

Annexure F

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 viewto 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 entitled to be reimbursed for 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

Annexure F

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 11, 2017

Annexure F

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 31.03.2017

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)
3	MBE Coal & Mineral Technology India Private Limited	U27100WB2009PTC137428	Subsidiary	100	2(87)

Annexure G

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%	68,01,724	-	68,01,724	75.66%	1.07%
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%**	**68,01,724**	**-**	**68,01,724**	**75.66%**	**1.07%**
(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%**	**68,01,724**	**-**	**68,01,724**	**75.66%**	**1.07%**
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) FIIs		-		0.00%	-	-	-	0.00%	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):-	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,54,701	1,800	4,56,501	5.08%	4,35,090	1,600	4,36,690	4.86%	-4.34%
ii) Overseas	13,40,000	-	13,40,000	14.91%	13,40,000	-	13,40,000	14.91%	0.00%

Annexure G

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	1,84,274	2,28,300	4,12,574	4.59%	1,47,259	2,13,100	3,60,359	4.01%	-12.66%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	0	0	-	0.00%	0.00%
c) Others (specify)									
Non Resident Indians	25,000	25,500	50,500	0.56%	25000	25500	50,500	0.56%	0.00%
Overseas Corporate Bodies									
Foreign Nationals	-	-	-	0.00%	0	0	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	0	0	-	0.00%	0.00%
Trusts	-	-	-	0.00%	0	0	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	0	0	-	0.00%	0.00%
Sub-total (B)(2):-	**2,003,975**	**255,600**	**2,259,575**	**25.14%**	**1,947,349**	**240,200**	**2,187,549**	**24.34%**	**-3.19%**
Total Public (B)	**2,003,975**	**255,600**	**2,259,575**	**25.14%**	**1,947,349**	**240,200**	**2,187,549**	**24.34%**	**-3.19%**
C. Shares held by Custodian for GDRs & ADRs			-	0.00%				0.00%	0.00%
Grand Total (A+B+C)	**8,733,673**	**255,600**	**8,989,273**	**100.00%**	**8,749,073**	**240,200**	**8,989,273**	**100.00%**	**-2.12%**

(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**	6,729,698	74.86%	0	6,729,698	74.86%	0	0.00%
2	**EMC Limited**	-	0.00%	0	36,013	0.40%	0	0.40%
3	**Williamson Magor & Co. Limited**	-	0.00%	0	36,013	0.40%	0	0.40%

Annexure G

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

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
1	McNally Bharat Engineering Company Limited						
	At the beginning of the year	April 1, 2016		6,729,698	74.86%	6,729,698	74.86%
	Changes during the year			No Change	0.00%	No Change	0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017		6,729,698	74.86%	6,729,698	74.86%
2	Williamson Magor & Co. Limited						
	At the beginning of the year	April 1, 2016		-	0.00%	-	0.00%
	Changes during the year	May 6, 2016	Transfer	36,013	0.40%	36,013	0.40%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2017		36,013	0.40%	36,013	0.40%
3	EMC Limited						
	At the beginning of the year	April 1, 2016		-	0.00%	-	0.00%
	Changes during the year	April 22, 2016	Transfer	57,526	0.64%	57,526	0.64%
		May 6, 2016	Transfer	(36,013)	-0.40%	21,513	0.24%
		June 3, 2016	Transfer	14,500	0.16%	36,013	0.40%
	At the end of the year	March 31, 2017		36,013	0.40%	36,013	0.40%

(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, 2016		1,340,000	14.91%	1,340,000	14.91%
	Changes during the year			-	0.00%	1,340,000	14.91%
	At the end of the year	March 31, 2017		1,340,000	14.91%	1,340,000	14.91%
2	Anushika Investments Pvt Ltd						
	At the beginning of the year	April 1, 2016		160,000	1.78%	160,000	1.78%
	Changes during the year			-	0.00%	160,000	1.78%
	At the end of the year	March 31, 2017		160,000	1.78%	160,000	1.78%
3	Swaran Financial Pvt Ltd						
	At the beginning of the year	April 1, 2016		120,000	1.33%	120,000	1.33%
	Changes during the year			-	0.00%	120,000	1.33%
	At the end of the year	March 31, 2017		120,000	1.33%	120,000	1.33%
4	York Financial Services Pvt. Ltd.						
	At the beginning of the year	April 1, 2016		42,000	0.47%	42,000	0.47%
	Changes during the year			-	0.00%	42,000	0.47%
	At the end of the year	March 31, 2017		42,000	0.47%	42,000	0.47%
5	Anushreya Investments Pvt. Ltd.						
	At the beginning of the year	April 1, 2016		55,000	0.61%	55,000	0.61%
	Changes during the year			-	0.00%	55,000	0.61%
	At the end of the year	March 31, 2017		55,000	0.61%	55,000	0.61%

Annexure G

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
6	Giridhar Gupta Somisetty*						
	At the beginning of the year	April 1, 2016		-	0.00%	-	0.00%
	Changes during the year	April 22, 2016	Transfer	1,000	0.01%	1,000	0.01%
		June 3, 2016	Transfer	500	0.01%	1,500	0.02%
		June 17, 2016	Transfer	200	0.00%	1,700	0.02%
		June 24, 2016	Transfer	1,300	0.01%	3,000	0.03%
		June 30, 2016	Transfer	500	0.01%	3,500	0.04%
		July 8, 2016	Transfer	1,300	0.01%	4,800	0.05%
		August 5, 2016	Transfer	1,000	0.01%	5,800	0.06%
		September 30, 2016	Transfer	400	0.00%	6,200	0.07%
	At the end of the year	March 31, 2017		6,200	0.07%	6,200	0.07%
7	Kailash Agarwal						
	At the beginning of the year	April 1, 2016		25,000	0.28%	25,000	0.28%
	Changes during the year			-	0.00%	25,000	0.28%
	At the end of the year	March 31, 2017		25,000	0.28%	25,000	0.28%
8	Sagun Dealer Pvt. Ltd.						
	At the beginning of the year	April 1, 2016		48,000	0.53%	48,000	0.53%
	Changes during the year			-	0.00%	48,000	0.53%
	At the end of the year	March 31, 2017		48,000	0.53%	48,000	0.53%
9	Jayant Laljibhai Chothani						
	At the beginning of the year	April 1, 2016		9,600	0.11%	9,600	0.11%
	Changes during the year			-	0.00%	9,600	0.11%
	At the end of the year	March 31, 2017		9,600	0.11%	9,600	0.11%
10	Bipin Gathani						
	At the beginning of the year	April 1, 2016		7,000	0.08%	7,000	0.08%
	Changes during the year			-	0.00%	7,000	0.08%
	At the end of the year	March 31, 2017		7,000	0.08%	7,000	0.08%
11	Vishnubhai M Amin						
	At the beginning of the year	April 1, 2016		5,000	0.06%	5,000	0.06%
	Changes during the year			-	0.00%	5,000	0.06%
	At the end of the year	March 31, 2017		5,000	0.06%	5,000	0.06%
12	Vipul V Amin						
	At the beginning of the year	April 1, 2016		5,000	0.06%	5,000	0.06%
	Changes during the year			-	0.00%	5,000	0.06%
	At the end of the year	March 31, 2017		5,000	0.06%	5,000	0.06%
13	Nilaben R Sanghavi						
	At the beginning of the year	April 1, 2016		3,300	0.04%	3,300	0.04%
	Changes during the year			-	0.00%	3,300	0.04%
	At the end of the year	March 31, 2017		3,300	0.04%	3,300	0.04%
14	Rameshchandra NSanghvi						
	At the beginning of the year	April 1, 2016		3,300	0.04%	3,300	0.04%
	Changes during the year			-	0.00%	3,300	0.04%
	At the end of the year	March 31, 2017		3,300	0.04%	3,300	0.04%

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
15	Samir Harshad Patel						
	At the beginning of the year	April 1, 2016		6,000	0.07%	6,000	0.07%
	Changes during the year			-	0.00%	6,000	0.07%
	At the end of the year	March 31, 2017		6,000	0.07%	6,000	0.07%
16	Smruti Patel						
	At the beginning of the year	April 1, 2016		5,300	0.06%	5,300	0.06%
	Changes during the year			-	0.00%	5,300	0.06%
	At the end of the year	March 31, 2017		5,300	0.06%	5,300	0.06%
17	Sruti Patel						
	At the beginning of the year	April 1, 2016		5,200	0.06%	5,200	0.06%
	Changes during the year			-	0.00%	5,200	0.06%
	At the end of the year	March 31, 2017		5,200	0.06%	5,200	0.06%
18	Surender Babu Nadendla						
	At the beginning of the year	April 1, 2016		4,800	0.05%	4,800	0.05%
	Changes during the year			-	0.00%	4,800	0.05%
	At the end of the year	March 31, 2017		4,800	0.05%	4,800	0.05%
19	Vasudev Shankarlal Dalvadi						
	At the beginning of the year	April 1, 2016		4,000	0.04%	4,000	0.04%
	Changes during the year			-	0.00%	4,000	0.04%
	At the end of the year	March 31, 2017		4,000	0.04%	4,000	0.04%

*Not in the list of Top 10 shareholders as on April 1, 2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on March 31, 2017.

(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. Uttam Tekriwal (CFO)						
	At the beginning of the year	April 1, 2015		200	0.00%	200	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		200	0.00%	200	0.00%

Annexure G

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	21,503.00	1,663.00	-	23,166.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	21,503.00	1,663.00	-	23,166.00
Change in Indebtedness during the financial year				
* Addition	-	-		-
* Reduction	3,785.00	416.00		4,201.00
Net Change	3,785.00	416.00		4,201.00
Indebtedness at the end of the financial year				
i) Principal Amount	17,718.00	1,247.00		18,965.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	17,718.00	1,247.00		18,965.00

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	9,719,400.00	9,719,400.00
	(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	**9,719,400.00**	**9,719,400.00**

Annexure G

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Indebtedness
		Mr. Padam Kumar Khaitan	Mr. B Bhushan	Mrs. Tehnaz Punwani	
1	Independent Directors*				
	Fee for attending board / committee meetings	-	-		-
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors	Mr. Heath Brian Zarin			-
	Fee for attending board committee meetings	-	-	-	-
	Commission				-
	Others, please specify				-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				9,719,400.00
	Overall Ceiling as per the Act+				12,000,000.00

*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 Act.

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	4,156,600.00	486,320.00	4,642,920.00
	(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	**4,156,600.00**	**486,320.00**	**4,642,920.00**

Annexure G

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 11, 2017

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 2016-17, 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, 2013.

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: Nil

   Sale of products and services: Rs. 4,812 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. The 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 11, 2017

Annexure I

Report on Corporate Social Responsibility activities

1. 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, 2015, 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.

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. However, your Company has not incurred any expenditure for CSR activities during the financial year 2016-17 due to lack of profits and the financial stress suffered by your Company.

2. The Composition of the CSR Committee.

As on March 31, 2017, the Corporate Social Responsibility Committee of the Board consisted of Mr. Padam Kumar Khaitan, Mrs. Tehnaz Punwani and Mr. Subir Chaki.

3. Average net profit of the company for last three financial years: Rs. (1,612.12) 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.
Your Company had not undertaken any expenditure for CSR activities due to lack of profits and the financial stress suffered by your Company.

On behalf of the Board of Directors

Subir Chaki
Whole-time Director

Kolkata, August 11, 2017

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) 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, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS 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 and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS 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 Ind AS 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 Ind AS 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, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued

Independent Auditors' Report

statutory financial statements for the years ended March 31,2016 and March 31,2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 27, 2016 and May 29, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matters.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rides, 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, 2017 on its financial position in its standalone Ind AS financial statements - Refer Note 35.

        ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund Company during the year ended March 31, 2017.

        iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 47.

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

Prabal Kumar Sarkar
Partner
Membership Number : 52340

Place: Kolkata
Date: May 30, 2017

Annexure 'A' to the Independent Auditors' Report

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limited on the financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of McNally Sayaji Engineering Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Annexure ‘A’ to the Independent Auditors’ Report

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Prabal Kumar Sarkar
Partner
Membership Number : 5234

Place: Kolkata
Date: May 30, 2017

Annexure 'B' to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors’ Report of even date to the members of McNally Sayaji Engineering Limited on the financial statements as of and for the year ended March 31, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

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. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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 and value added tax 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.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, which have not been deposited on account of any dispute. The particulars

Annexure 'B' to the Independent Auditors' Report

of dues of income tax, sales tax, duty of excise, service-tax, value added tax as at March 31, 2017 which have not been deposited on account of dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ 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
Central Excise Act 1944	Excise Duty	55.40	2011-12, 2012- 13, 2013-14, 2014-15	Commissioner of Central Excise, Bolpur, West-Bengal.
Finance Bill 1994	Service Tax	19.61	2011-12,2012-13	Commissioner of Central Excise, Bolpur, West-Bengal.
Central Excise Act 1944	Excise Duty	32.44	2011-12	Commissioner (Appeal), Ranchi
Central Excise Act 1944	Excise Duty	46.96	2012-13,2013-14	Commissioner (Appeals) Baroda
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	316.02	2006-07	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	81.02	2007-08	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	71.14	2008-09	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	11.71	2011-12	Joint Commissioner of Commercial taxes, Dhanbad
Central Sales Tax 1956	Sales Tax	3.78	2012-13	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	35.60	2005-06	Joint Commissioner of Commercial taxes, Dhanbad
Central Sales Tax 1956	Sales Tax	16.00	2016-17	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	1467.26	2008-09	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	181.86	2009-10	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	101.31	2010-11	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	156.16	2011-12	Joint Commissioner of Commercial taxes, Dhanbad

Annexure 'B' to the Independent Auditors' Report

Central Sales Tax 1956	Sales Tax	133.89	2012-13	Commissioner of Commercial Taxes, Ranchi
Central Sales Tax 1956	Sales Tax	258.06	2010-11	Sr. Joint Commissioner, (Appeal) Commercial Taxes, Kolkata
Central Sales Tax 1956	Sales Tax	490.27	2011-12	Sr. Joint Commissioner, (Appeal) Commercial Taxes, Kolkata
Central Sales Tax 1956	Sales Tax	70-53	2011-12	Sr. Joint Commissioner, (Appeal) Commercial Taxes, Kolkata

viii. According to the records of the Company examined by us and the information and explanations given to us, except for loans from DBS Bank for the period from May 16, 2016 to March 31, 2017 aggregating Rs. 1,197 lakhs, as described below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

Name of the Lender	Nature of dues	Period of default	Amount of default (₹ In Lakhs)
DBS Bank	Term Loan	May 16, 2016 to March 31, 2017	1197

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. In our opinion, and according to the information and explanations given to us managerial remuneration paid or provided for is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has made a preferential allotment of Compulsorily Convertible Preference Shares, other than in cash, during the year under review, in compliance with the requirements of Section 42 of the Act 2013.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Prabal Kumar Sarkar
Partner
Membership Number : 5234

Place: Kolkata
Date: May 30, 2017

Standalone Balance Sheet as at 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	16,241	17,750	18,729
Capital work-in-progress	4	*	15	35
Investment properties	5	381	384	387
Other intangible assets	6	104	174	258
Financial assets				
Investments	7	2,700	2,700	*
Trade receivables	8	1,207	375	369
Other financial assets	11	140	130	271
Deferred tax assets	15	3,096	-	-
Total non-current assets		**23,869**	**21,528**	**20,049**
Current assets				
Inventories	12	13,528	13,769	12,688
Financial assets				
Trade receivables	8	8,184	13,378	13,712
Cash and cash equivalents	9	479	228	441
Bank balances other than above	10	108	82	81
Other financial assets	11	28	2,234	143
Current Tax Assets (Net)	14	149	87	123
Other current assets	13	1,112	886	1,644
Total current assets		**23,588**	**30,664**	**28,832**
Total assets		**47,457**	**52,192**	**48,881**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	899	899	899
Other equity				
Compulsorily convertible preference shares	16	360	-	-
Reserves and surplus	17	14,483	11,618	14,208
Total equity		**15,742**	**12,517**	**15,107**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	18	3,692	6,028	3,753
Trade payables	21	14	10	9
Other financial liabilities	20	*	11	34
Employee benefit obligations	23	184	170	168
Total non-current liabilities		**3,890**	**6,219**	**3,964**
Current liabilities				
Financial Liabilities				
Borrowings	19	11,715	12,588	13,737
Trade payables	21	7,619	7,227	7,535
Other financial liabilities	20	5,390	11,000	5,761
Provisions	22	102	93	63
Employee benefit obligations	23	303	248	232
Other current liabilities	24	2,696	2,300	2,482
Total current liabilities		**27,825**	**33,456**	**29,810**
Total liabilities		**31,715**	**39,675**	**33,774**
Total equity and liabilities		**47,457**	**52,192**	**48,881**

* amount is below rounding off norm adopted by Company
The accompanying notes are an integral part of these Standalone Financial Statements
This is the Standalone 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 : 30th May, 2017

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

Standalone Statement of Profit & Loss for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Revenue from operations (Gross)	26	26,333	23,475
Other income	**27**	1,185	1,844
Total Revenue		**27,518**	**25,319**
EXPENSES			
Cost of materials consumed	28	8,937	10,076
Purchases of stock-in-trade		3,512	1,687
Changes in inventories of work-in-progress and finished goods	29	234	(1,016)
Excise duty		2,485	2,422
Employee benefit expense	30	2,853	2,966
Depreciation and amortisation expense	31	1,616	1,579
Other expenses	32	6,944	6,911
Finance costs	33	3,449	3,302
Total expenses		**30,030**	**27,927**
Profit / (Loss) before tax		**(2,512)**	**(2,608)**
Income Tax expense:	34		
- Current tax		-	-
- Deferred tax charge / (credit)		(3,078)	(6)
Total tax expenses		(3,078)	(6)
Profit / (Loss) for the year		**566**	**(2,602)**
Other comprehensive income			
Items that will not be reclassified to profit or loss Remeasurements of post-employment benefit obligations		(59)	18
Income Tax relating to these items		18	(6)
Other comprehensive income for the year, net of tax		(41)	12
Total Comprehensive Income for the year		**525**	**(2,590)**
Earnings / (Loss) per equity share for profit / (loss) for the year (Face Value of Rs 10/- each):	40		
- Basic		6.29	(28.95)
- Diluted		6.29	(28.95)

The accompanying notes are an integral part of these Standalone Financial Statements

This is the Standalone 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 : 30th May, 2017

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 Changes in Equity

A. EQUITY SHARE CAPITAL

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Amount
As at 1 April 2015	16	899
Changes in Equity Share Capital		-
As at 31 March 2016	16	899
Changes in Equity Share Capital		-
As at 31 March 2017	**16**	**899**

B OTHER EQUITY

	Compulsorily Convertible Preference Share Capital	Reserves and Surplus			Capital Reserve	Other Items of Other Compre-hensive Income	Total
		Securities Premium Reserve	General Reserve	Retained Earnings			
Balance at 1 April 2015	**-**	**3,372**	**1,465**	**1,256**	**8,115**	**-**	**14,208**
Profit for the year	-	-	-	(2,602)	-	-	(2,602)
Other Comprehensive Income						12	12
Total Comprehensive Income for the year	**-**	**-**	**-**	**(2,602)**	**-**	**12**	**(2,590)**
Balance at 31 March 2016		**3,372**	**1,465**	**(1,346)**	**8,115**	**12**	**11,618**
Profit for the year	-	-	-	566	-	-	566
Other Comprehensive Income	-	-	-	-	-	(41)	(41)
Total Comprehensive Income for the year	**-**	**-**	**-**	**566**	**-**	**(41)**	**525**
Issue of compulsurily convertible preference shares	360	2,340	-	-	-	-	2,700
	360	**2,340**	**-**	**-**	**-**	**-**	**2,700**
Balance at 31 March 2017	**360**	**5,712**	**1,465**	**(780)**	**8,115**	**(29)**	**14,843**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes
This is the Statement of Changes in Equity 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 : 30th May, 2017

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

Standalone Cash Flow Statement for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

	Year ended 31st March, 2017	Year ended 31st March, 2016
Cash Flow from Operating Activities		
Profit/(Loss) before tax	**(2,512)**	**(2,608)**
Adjustments for:		
Depreciation on Tangible Assets	1,543	1,489
Amortisation of Intangible assets	70	87
Depreciation on Investment Property	3	3
Loss / (Gain) on Sale of Fixed Assets (Net)	2	**(63)**
Interest income	(612)	**(1,126)**
Finance costs	3,449	**3,302**
Provision for bad and doubtful trade receivables	299	**258**
Bad Debts written off	1	11
Liabilities no longer required written back	(81)	(65)
Provision no longer required written back	(243)	(275)
Provision for Warranty	9	30
Provision for Mark to Market Loss no longer required written back	73	27
Net exchange differences	2	1
Cash flow from operating activities before change in operating assets and liabilities	**2,003**	**1,071**
Decrease / (Increase) in trade and Other Receivables	6,177	(886)
Decrease / (Increase) in inventories	241	(1,081)
(Increase) / Decrease in Trade & Other Payables	(1,302)	3,290
Increase in employee benefit obligations	69	18
Cash generated from operations	**7,188**	**2,412**
Income taxes (paid) / received	(62)	**36**
Net cash inflow from operating activities	**7,126**	**2,448**
Cash flows from investing activities		
Purchase of Investment	-	**(2,700)**
Payments for property, plant and equipment	(43)	**(75)**
Proceeds from sale of property, plant and equipment	11	**71**
Interest received	612	1,126
Net cash outflow from investing activities	**580**	**(1,578)**
Cash flows from financing activities		
(Repayment of) / Proceeds from Long Term Borrowings	(3,313)	2,146
Interest paid	(3,276)	(3,163)
Net (decrease) in Cash Credit Facilities including WCDL	(873)	(1,149)
Payment of Dividend	(1)	(1)
Net cash inflow (outflow) from financing activities	**(7,463)**	**(2,167)**
Net increase (decrease) in cash and cash equivalents	**243**	**(1,297)**
Cash and cash equivalents at opening of the year	228	441
Cash and cash equivalents at end of the year	471	(856)

Standalone Cash Flow Statement for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

	31st March, 2017	31st March, 2016
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents [Refer Note 9]	479	228
Bank overdrafts [Refer Note 20]	8	1,084
Balances per statement of cash flows	471	(856)

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Cash Flow Statement'.
2. Refer Note 16(ix), which has not been considered above, being non-cash in nature.
3. Previous period figures have been rearranged/regrouped wherever necessary.

The accompanying notes are an integral part of these Standalone Financial Statements

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants
Prabal Sarkar
Partner
Membership Number : 52340
Place : Kolkata
Date : 30th May, 2017

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 the standalone financial statements for the year ended 31st March, 2017

Note 1 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

1.1.1 Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements under IND AS. Refer Note 46 for an explanation of how the transition from previous GAAP to Ind AS has affected the entity's financial position, financial performance and cash flows.

1.1.2 Classification of current and non-current

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.

1.1.3 Historical Cost Convention

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for the following:

i) certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
ii) defined benefit plans – plan assets measured at fair value.

1.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker comprises of the Wholetime Director and the CFO.

1.3 Foreign Currency Translation

1.3.1 Functional and presentation currency

Items included in the financial statements of the entity is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements is presented in India Rupees (Rs.) which is the Company's functional and presentation currency.

1.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses (other than relating to reporting of long-term foreign currency monetary items) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other Gains/(Losses).

1.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of sales return, sales tax/ value added tax, trade allowances and amount collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Notes to the standalone financial statements for the year ended 31st March, 2017

Sale of Products

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.

Sale of Services

Sale of service is recognized as revenue as and when it becomes due as per terms of contracts.

1.5 Accounting for Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit (accounting loss) nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.6 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.7 Leases

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased propoerty or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities, as approrpiate. Each lease payament is allocated between the liability and the finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which significant portion of risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments made under operating leases are charged to the profit or loss.

Notes to the standalone financial statements for the year ended 31st March, 2017

As a lessor

Lease income from operating lease where the Company is a lessor is recognised in income. The respective leased assets are included in the balance sheet based on their nature.

1.8 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.9 Inventories

Raw Materials and Components, Stores and Spares, Loose Tools, Work in progress and Finished Goods are stated at lower of cost and net realisable value. Cost of Work in progress and Finished Goods comprise direct material, direct labour and appropriate portion of variable and fixed overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

1.10 Investments and Other Financial Assets

1.10.1 Classification

The Company classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in Debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

1.10.2 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

(i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Fair value through other comprehensive income (FVOCI): Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit

Notes to the standalone financial statements for the year ended 31st March, 2017

or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments (except subsidiary) at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.10.3 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.10.4 Derecognition of financial assets

A financial asset is derecognised only when

– The Company has transferred the rights to receive cash flows from the financial asset or

– Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

1.10.5 Income Recognition

Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

1.11 Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical

Notes to the standalone financial statements for the year ended 31st March, 2017

cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013, which are also supported by technical evaluation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.12 Investment Properties

Property that is held for long term rental yeilds or for capital appreciation of both, and is not occupied by the Company, is calssified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to profit and loss during the reporting period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced cost is derecognised.

Investment properties are depreciated using straight line method over the estimated useful lives.

1.13 Intangible Assets

1.13.1 Design and Drawings, Technical knowhow and other rights

Separately acquired Design and Drawings, Technical knowhow and other rights are shown at historical cost.

1.13.2 Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortised from the point at which the asset is available for use.

1.13.3 Research and Development

Expenditure on Research and Development that does not meet the criteria laid out in the standard are recognised as expenses as and when incurred. Development costs previosuly recognised as an expense are not recognised as an asset in subsequent period.

1.13.4 Amortisation methods and periods

The Company amortises technical know-how over a period of five years and designs and drawing 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.

Notes to the standalone financial statements for the year ended 31st March, 2017

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

1.14 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.16 Borrowing Cost

Specific borrowing and extent of general borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

1.17 Provision and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is 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 cannot be made.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

Notes to the standalone financial statements for the year ended 31st March, 2017

1.18 Employee Benefits

1.18.1 Short-term Employee Benefits

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.

1.18.2 Other Long-term Employee Benefits

The cost of providing long-term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

1.18.3 Post-employment Benefit Plans

– **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 profit or 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, there 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 profit or loss.

– **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.

– **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.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

1.18.4 Bonus plans

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.19 Impairment of non-financial assets.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount

Notes to the standalone financial statements for the year ended 31st March, 2017

exceeds its recoverable amount. The recoverable amount is the higher on an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are Companyed at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or Company of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.20 Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

1.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.22 Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.23 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.24 Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

– The profit/ loss attributable to owners of the Company

– By the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account :

– The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

– The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.25 Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2 Critical Estimates & Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. The areas involving critical estimates and judgements are :

(a) Estimation of current and deferred tax expense and payable/receivable.

(b) Estimation of defined benefit obligation.

(c) Expected credit loss on trade receivables.

(d) Estimated fair value, as applicable.

(e) Estimated useful life of assets.

(f) Estimation of provision for warranty.

Notes to the standalone financial statements for the year ended 31st March, 2017

Note 3: Property, plant and equipment

(All amounts in Rs lakhs, unless otherwise stated)

	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
Particulars	**Deemed cost as at 1st April, 2015**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2016**	**As at 1st April, 2015**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2016**	**As at 31st March, 2016**	**As at 31st March, 2015**
Lease hold Land	2,417	-	102	-	2,519	83	27	-	110	2,409	2,334
Free hold Land	251	38	-	-	289	-	-	-	-	289	251
Building	13,065	-	309	12	13,362	1,639	525	4	2,160	11,202	11,426
Plant and Machinery	8,476	24	37	-	8,537	4,280	826	-	5,106	3,431	4,196
Plant and Machinery - Windmill	764	-	-	-	764	500	51	-	551	213	264
Furniture and Fixture	339	*	3	-	342	154	38	-	192	150	185
Refrigerators and Air Conditioners	87	-	1	1	87	43	9	1	51	36	44
Office Equipments	219	3	1	-	223	219	4	-	223	-	-
Motor Vehicles	63	-	*	1	62	34	9	1	42	20	29
31 March 2016	**25,681**	**65**	**453**	**14**	**26,185**	**6,952**	**1,489**	**6**	8,435	**17,750**	**18,729**

	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
Particulars	**As at 1st April, 2016**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2017**	**As at 1st April, 2016**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2017**	**As at 31st March, 2017**	**As at 31st March, 2016**
Lease hold Land	2,519	-	(3)	-	2,516	110	28	-	138	2,378	2,409
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,362	-	(11)	-	13,351	2,160	565	-	2,725	10,626	11,202
Plant and Machinery	8,537	28	(1)	4	8,560	5,106	838	4	5,940	2,620	3,431
Plant and Machinery - Windmill	764	-	-	-	764	551	51	-	602	162	213
Furniture and Fixture	342	-	-	3	339	192	40	3	229	110	150
Refrigerators and Air Conditioners	87	-	-	-	87	51	8	-	59	28	36
Office Equipments	223	9	-	2	230	223	5	2	226	4	-
Motor Vehicles	62	21	-	26	57	42	8	17	33	24	20
31 March 2017	**26,185**	**58**	**(15)**	**35**	**26,193**	**8,435**	**1,543**	**26**	9,952	**16,241**	**17,750**

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

(a) Other Adjustments for Tangible assets include (Rs.15) (31.03.2016 Rs. 453; 01-04-2015 Rs 317) being adjustment relating to exchange difference.

(b) 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 (net written down value as at 31.03.2017 of Rs. 1067, 31.03.2016 Rs. 1434; 01.04.2015 Rs. 1808) comprised in erstwhile Product Division of MBECL.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16	1-Apr-15
Note 4 CAPITAL WORK-IN-PROGRESS			
Capital work-in-progress	*	15	35

* Rounding off norm adopted by the Company

	31-Mar-17	31-Mar-16
Note 5 INVESTMENT PROPERTIES		
Gross carrying amount		
Opening gross carrying amount / Deemed cost	408	408
Additions	–	–
Disposals / Adjustments	–	–
Closing gross carrying amount	**408**	**408**
Accumulated depreciation		
Opening accumulated depreciation	24	21
Depreciation charge	3	3
Adjustment on disposal	–	–
Closing accumulated depreciation	**27**	**24**
Net carrying amount	**381**	**384**

(i) **Amounts recognised in profit or loss for investment properties**

	31-Mar-17	31-Mar-16
Rental income	72	72
Direct operating expenses from property that generated rental income	5	5
Profit from investment properties before depreciation	**67**	**67**
Depreciation	3	3
Profit from investment properties	**64**	**64**

(ii) **Leasing arrangements**

Investment properties are leased to tenants under cancellable operating leases with rentals payable monthly.

(iii) **Fair value**

	31-Mar-17	31-Mar-16	1-Apr-15
Investment properties	1,523	1,265	1,165

Estimation of fair value

The fair valuation is based on current prices in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry and trend of fair market rent in area of property located. The valuation is based on valuation performed by an accredited independent valuer. All resulting fair value estimates for investment properties are included in level 2.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 6 INTANGIBLE ASSETS

	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	**Deemed cost as at 1st April, 2015**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2016**	**As at 1st April, 2015**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2016**	**As at 31st March, 2016**	**As at 31st March, 2015**
Design and Drawings	2,250	–	–	–	2,250	2,001	75	–	2,076	174	249
Computer Software	189	1	2	–	192	180	12	–	192	–	9
Technical Knowhow	20	–	–	–	20	20	–	–	20	–	–
31 March 2016	**2,459**	**1**	**2**	**–**	**2,462**	**2,201**	**87**	**–**	**2,288**	**174**	**258**

	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	**As at 1st April, 2016**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2017**	**As at 1st April, 2016**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2017**	**As at 31st March, 2017**	**As at 31st March, 2016**
Design and Drawings	2,250	–	–	–	2,250	2,076	70	–	2,146	104	174
Computer Software	192	–	–	–	192	192	–	–	192	–	–
Technical Knowhow	20	–	–	–	20	20	–	–	20	–	–
31 March 2017	**2,462**	**–**	**–**	**–**	**2,462**	**2,288**	**70**	**–**	**2,358**	**104**	**174**

(a) Other Adjustments for Intangible assets include Rs.Nil (31.03.2016 Rs. 2; 01.04.2015 Rs 1) being adjustment relating to exchange difference.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 7 NON-CURRENT INVESTMENTS	31-Mar-17	31-Mar-16	1-Apr-15
Investment in equity instruments (fully paid-up)			
Unquoted			
Investment in subsidiary			
349,323 (31 March 2016 : 349,323, 1 April 2015 : Nil) Equity Shares of Rs. 10/- each of MBE Coal & Mineral Technology India Private Limited	2,700	2,700	–
Other investments			
Nil (31 March 2016 : 100, 1 April 2015 : 100) Equity Shares of Rs. 25/- each of Co Operative Bank of Baroda Ltd.	–	*	*
Total non-current investments	**2,700**	**2,700**	**–**
Aggregate amount of unquoted investments	2,700	2,700	*
Aggregate amount of impairment in the value of investments	–	–	–

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

Note 8 TRADE RECEIVABLES	31-Mar-17	31-Mar-16	1-Apr-15
Trade receivables	11,777	16,100	16,447
Less: Allowance for doubtful debts @	(2,386)	(2,347)	(2,366)
Total receivables	**9,391**	**13,753**	**14,081**
Current portion	8,184	13,378	13,712
Non-current portion	1,207	375	369

BREAK-UP OF SECURITY DETAILS	31-Mar-17	31-Mar-16	1-Apr-15
Secured, considered good	-	-	-
Unsecured, considered good	10,430	15,013	15,599
Doubtful	1,347	1,087	848
Total	**11,777**	**16,100**	**16,447**
Allowance for doubtful debts @	(2,386)	(2,347)	(2,366)
Total trade receivables	9,391	13,753	14,081

@ includes expected credit loss of Rs. 1,039; Rs. 1,260; and Rs. 1,518 as at 31.03.2017; 31.03.2016 and 01.04.2015 respectively. Also refer note 37(A)(b).

Note 9 CASH AND CASH EQUIVALENTS	31-Mar-17	31-Mar-16	1-Apr-15
Balances with banks			
- in current accounts	315	79	417
- in dividend accounts #	3	4	5
Deposits with maturity of less than three months	150	139	-
Cash on hand	11	6	19
Total cash and cash equivalents	**479**	**228**	**441**

Earmarked for payment of unpaid dividend only.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 10 OTHER BANK BALANCES	31-Mar-17	31-Mar-16	1-Apr-15
Bank deposits with original maturity greater than three months and maturing within twelve months	108	82	81
Total other bank balances	108	82	81
Amount under lien	–	76	76

	31-Mar-17		31-Mar-16		1-Apr-15	
Note 11 OTHER FINANCIAL ASSETS	Current	Non-current	Current	Non-current	Current	Non-current
Unsecured, considered good, unless stated otherwise						
(i) Derivatives						
Foreign-exchange forward contracts	25	–	98	–	124	–
(ii) Others						
Recoverable from Holding Company (a)	–	–	2,125	–	–	–
Recoverable from Director	3	–	11	–	19	–
Deposit with Banks having maturity more than twelve months	–	12	–	–	–	133
Security deposits - considered good	–	128	–	130	–	138
Security deposits - considered doubtful	–	4	–	2	–	2
Less: Allowances for doubtful security deposits	–	(4)	–	(2)	–	(2)
	28	140	2,234	130	143	271
Total loans	**28**	**140**	**2,234**	**130**	**143**	**271**

(a) Loan has been given to the holding company after complying with the provisions of Sec 186 of the Companies Act, 2013. It has been given for business purpose.

Note 12 INVENTORIES [Refer Note 1.9]	31-Mar-17	31-Mar-16	1-Apr-15
Raw materials	1,684	1,649	1,492
Work-in-progress	11,077	11,330	10,292
Finished goods	63	44	66
Stores and spares	641	682	758
Loose Tools	63	64	80
Total inventories	13,528	13,769	12,688

Note 13 OTHER CURRENT ASSETS	31-Mar-17	31-Mar-16	1-Apr-15
Unsecured, considered good, unless stated otherwise			
Balance with Government Authorities	653	358	487
Advance for goods and services	341	430	1,070
Others #	118	98	87
Others, considered doubtful	–	33	14
Less: Allowances for doubtful advances	–	(33)	(14)
Total other current assets	**1,112**	**886**	**1,644**

includes primarily employee advance and prepaid expenses.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 14 CURRENT TAX ASSETS (NET)	31-Mar-17	31-Mar-16
Opening balance	87	123
Add : Advance tax paid during year (including tax deducted at source)	62	–
Less : Refund received during the year	–	(36)
Closing balance	149	87

Note 15 DEFERRED TAX ASSET	31-Mar-17	31-Mar-16	1-Apr-15
The balance comprises temporary differences attributable to :			
Deferred tax asset on account of			
Unabsorbed Tax Depreciation/Loss	3,731	1,005	885
Items allowable for tax purpose on payment basis	152	95	73
Allowance for doubtful debts and doubtful advances	352	462	572
Others	116	42	13
Total deferred tax assets	**4,351**	**1,604**	**1,543**
Deferred tax liability on account of			
Property, plant and equipment, investment property and intangible assets	(1,228)	(1,543)	(1,487)
Others	(27)	(61)	(56)
Total deferred tax liabilities	**(1,255)**	(1,604)	(1,543)
Net deferred tax asset/(liability)	**3,096**	–	–

Movements in deferred tax liabilities

Particulars	Unabsorbed Tax Depreciation/ Loss	Items allowable for tax purpose on payment basis	Allowance for doubtful debts and doubtful advances	Property, plant and equipment, investment property and intangible assets	Others	Total
At 01 April 2015	**885**	**73**	**572**	**(1,487)**	**(43)**	**–**
Charged/(credited):						
- to profit or loss	120	28	(110)	(56)	24	6
- to other comprehensive income		(6)				(6)
At 31 March 2016	**1,005**	**95**	**462**	**(1,543)**	**(19)**	**–**
Charged/(credited):						
- to profit or loss	2,726	39	(110)	315	108	3,078
- to other comprehensive income		18				18
At 31 March 2017	**3,731**	**152**	**352**	**(1,228)**	**89**	**3,096**

Significant estimates

The company has recognised deferred tax assets on carried forward tax losses. The company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The company is expected to generate taxable income from 2019-20 onwards.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 16 EQUITY SHARE CAPITAL	31-Mar-17 Number of shares	31-Mar-17 Amount	31-Mar-16 Number of shares	31-Mar-16 Amount	1-Apr-15 Number of shares	1-Apr-15 Amount
(i) Authorised						
Equity Shares of Rs.10/- each	50,000,000	5,000	50,000,000	5,000	50,000,000	5,000
Preference Shares of Rs. 10/- each	4,000,000	400	–	–	–	–

	31-Mar-17 Number of shares	31-Mar-17 Amount	31-Mar-16 Number of shares	31-Mar-16 Amount	1-Apr-15 Number of shares	1-Apr-15 Amount
(ii) Issued, Subscribed and Paid up Equity Shares						
Equity Shares of Rs.10/- each	8,989,273	899	8,989,273	899	8,989,273	899
34,55,529 Equity Shares of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement for consideration other than cash						
		899		**899**		**899**
Preference Shares						
Compulsurily Convertible Preference Shares of Rs. 10/- each	3,600,000	360	–	–	–	–
(issued for consideration other than cash)						
		360		–		–

	31-Mar-17 Number of shares	31-Mar-16 Number of shares	1-Apr-15 Number of shares
(iii) Equity Shares are held by the holding company	67,29,698	67,29,698	67,29,698

	31-Mar-17 Number of shares	31-Mar-17 Amount	31-Mar-16 Number of shares	31-Mar-16 Amount	1-Apr-15 Number of shares	1-Apr-15 Amount
(iv) Reconciliation of shares						
Equity Shares						
Shares outstanding at the beginning of the year	8,989,273	899	8,989,273	899	8,989,273	899
Shares outstanding at the end of the year	8,989,273	899	8,989,273	899	8,989,273	899
Preference Shares						
Shares outstanding at the beginning of the year	–	–	–	–	–	–
Issued during the year	3,600,000	360	–	–	–	–
Shares outstanding at the end of the year	3,600,000	360	–	–	–	–

(v) Terms/rights attached to equity shares

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

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

(vi) Terms/rights attached to preference shares

1% Compulsorily Convertible Preference Shares (CCPS) having par value of Rs. 10/- each have been allotted on 31 March 2017, as fully paid-up pursuant to a contract without payments being received in cash. These shares will carry cumulative dividend of 1% p.a. and would be converted into equity shares within 18 months of issue date (i.e. 31 March, 2017).

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

	31-Mar-17		31-Mar-16		1-Apr-15	
	Number of shares held	% of Holding	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	67,29,698	74.86	67,29,698	74.86	67,29,698	74.86
EIG (Mauritius) Limited	13,40,000	14.91	13,40,000	14.91	13,40,000	14.91

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

	31-Mar-17		31-Mar-16		1-Apr-15	
	Number of shares held	% of Holding	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	36,00,000	100%	–	–	–	–

(ix) 3,600,000, 1% Compulsorily Convertible Preference Shares (CCPS) having par value of Rs. 10/- each were on issued to McNally Bharat Engineering Company Limited on 31.03.2017 at security premium of Rs 65/- per share. The total consideration of Rs 2,700 against issue of the said CCPS was adjusted against the payable is earlier years as disclosed in note 20.

Note 17 RESERVES AND SURPLUS	31-Mar-17	31-Mar-16	1-Apr-15
Capital reserve	8,115	8,115	8,115
Securities premium reserve	5,712	3,372	3,372
General reserve	1,465	1,465	1,465
Retained earnings	(809)	(1,334)	1,256
Total reserves and surplus	**14,483**	**11,618**	**14,208**

(i) Capital reserve

	31-Mar-17	31-Mar-16
Opening balance	8,115	8,115
Add / less : Movement during the year	–	–
Closing balance	**8,115**	**8,115**

(ii) Securities premium reserve

	31-Mar-17	31-Mar-16
Opening balance	3,372	3,372
Add / less : Movement during the year [Refer note 16(ix)]	2,340	–
Closing balance	**5,712**	**3,372**

(iii) General reserve

	31-Mar-17	31-Mar-16
Opening balance	1,465	1,465
Appropriations during the year	–	–
Closing balance	**1,465**	**1,465**

Notes to the standalone financial statements for the year ended 31st March, 2017

(iv) Retained earnings

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16
Opening balance	(1,334)	1,256
Net profit / (loss) for the period	566	(2,602)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(41)	12
Closing balance	**(809)**	**(1,334)**

Nature & Purpose of Other Reserves

(a) Capital Reserve

Represents the amount transferred from the transferor company pursuant to Scheme of Amalgamation.

(b) Securities Premium Reserve

Secutires Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(c) General Reserve

General Reserve is created and utilised in compliance with the provisions of the Act.

Note 18 NON-CURRENT BORROWINGS	31-Mar-17	31-Mar-16	1-Apr-15
Secured Loans			
Term Loans			
From Banks	7,239	10,577	7,974
From Others	11	1	3
Total non-current borrowings	7,250	10,578	7,977
Less: Current maturities of long-term debt (included in note 20)	3,558	4,550	4,224
Non-current borrowings (as per balance sheet)	**3,692**	**6,028**	**3,753**

A. Nature of Security, terms of repayment and rate of interest for Secured Borrowings

Nature of Security and terms of repayment for Secured Borrowings

Nature of Security	Terms of Repayment
i. Year end term loan balance from ICICI Bank Ltd. of Rs Nil (31.03.2016: Rs. 530; 01.04.2015 Rs. 1,502) 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 / reapid in 10 equal half yearly installments, the first such installment being due on September 15, 2011 and at the end of every six months there after. Interest is payable at the rate of LIBOR + 2.50% p.a. on amount beginning April 6, 2009 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
ii. Year end term loan balance from ICICI Bank Ltd. of Rs 849 (31.03.2016 Rs. 3,316; 01.04.2015 Rs. 3,912) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
iii. Year end term loan balance from DBS Bank Ltd. of Rs 1,568 (31.03.2016 Rs. 1,836 ; 01.04.2015 Rs. 2,600) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.

Notes to the standalone financial statements for the year ended 31st March, 2017

iv. Year end term loan balance from ICICI Bank Ltd. of Rs 5,000 (31.03.2016Rs. 5,000 ; 01.04.2015 Rs. Nil) 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 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.
v. Year end balance of Car Loan (term) from Kotak Mahindra Prime Limited Rs. Nil (31.03.2016 Rs.1; 01.04.2015 Rs. 3) 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.
vi. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 11 (31.03.2016 Rs. Nil; 01.04.2015 Rs. Nil) 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 9.49% to 9.61% p.a.

B. The repayment of over due term loan of Rs 1197 from DBS bank along with interest thereon of Rs 40 are to be made from a fresh term loan sanctioned (under renewal) by the said bank. The said loan shall be disbursed after compliance of the required documentation in due course.

(All amounts in Rs lakhs, unless otherwise stated)

Note 19 CURRENT BORROWINGS	31-Mar-17	31-Mar-16	1-Apr-15
Secured Loans from Banks			
Loans Repayable on demand #	10,468	10,925	11,201
Unsecured Loans			
From Banks	981	1,250	1,798
Inter - corporate deposit	266	413	738
	1,247	**1,663**	**2,536**
Total current borrowings	**11,715**	**12,588**	**13,737**

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 20 OTHER FINANCIAL LIABILITIES	31-Mar-17	31-Mar-16	1-Apr-15
Non Current			
Derivatives Instrument	*	11	34
Total Non Current	*	11	34
Current			
Current maturities of long-term debt	3,558	4,550	4,224
Interest accrued but not due on Borrowings	58	71	103
Interest accrued and due on Borrowings	362	176	5
Temporary overdraft	8	1,084	-
Employee benefits payable	358	375	323
Capital creditors	46	46	75
Unpaid Dividends	3	4	5
Payable against purchase of share #	-	2,700	-
Derivatives Instrument	-	7	2
Liability for Other Expenses $	997	1,987	1,024
Total Current	**5,390**	**11,000**	**5,761**
Total other financial liabilities	**5,390**	**11,011**	**5,795**

$ includes primarily Creditors for other expenses, corporate guarantee liability and deposit received from suppliers.

Payable against purchase of shares of MBE Coal & Mineral Technologies India Private Limited

* rounding off norms adopted by the Company.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 21 TRADE PAYABLES	31-Mar-17	31-Mar-16	1-Apr-15
Trade payables			
Total outstanding dues of micro enterprises and small enterprises (Refer Note 42)	92	204	60
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,541	7,033	7,484
Total trade payables @	**7,633**	**7,237**	**7,544**
Current portion	7,619	7,227	7,535
Non-current portion	**14**	**10**	**9**

@ includes trade payables for other than goods of Rs. 1,505; Rs. 1,018; and Rs. 1,023 as at 31 March 2017; 31 March 2016 and 1 April, 2015 respectively.

Note 22 PROVISIONS	31-Mar-17	31-Mar-16	1-Apr-15
Warranty	102	93	63
Total	**102**	**93**	**63**

(i) Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

The Company offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31 March 2017, this particular provision had a carrying amount of Rs 102 lakhs (31.03.2016 Rs 93 lakhs; 01.04.2015 Rs 63 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 10 higher or lower (31.03.2016 Rs 9 lakhs higher or lower; 01.04.2015 Rs 6 lakhs higher or lower).

(ii) Movements in provisions

	31-Mar-17	31-Mar-16	1-Apr-15
Balance as at the beginning of the year	93	63	63
Additions	9	30	–
Amount used	–	–	–
Balance as at the end of the year	102	93	63

Note 23 EMPLOYEE BENEFIT OBLIGATIONS	31-Mar-17			31-Mar-16			1-Apr-15		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Employee benefit obligations	303	184	487	248	170	418	232	168	400
Total employee benefit obligations	**303**	**184**	**487**	**248**	**170**	**418**	**232**	**168**	**400**

(i) Post-employment obligations

a) Gratuity

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 1.18 for accounting policy related to gratuity. The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) :

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2015	671	(469)	202
Current service cost	32	–	32
Interest expense/(income)	54	(38)	16
Total amount recognised in profit or loss	86	(38)	48
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	–	4	4
(Gain)/loss from change in financial assumptions	7	–	7
Experience (gains)/losses	(29)	–	(29)
Total amount recognised in other comprehensive income	**(22)**	**4**	**(18)**
Employer contributions/premiums paid	–	(12)	(12)
Benefit payments	(128)	128	–
31-Mar-16	**607**	**(387)**	**220**

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2016	607	(387)	220
Current service cost	32	–	32
Interest expense/(income)	48	(29)	19
Total amount recognised in profit or loss	80	(29)	51
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	–	–	–
(Gain)/loss from change in financial assumptions	14	–	14
Experience (gains)/losses	45	–	45
Total amount recognised in other comprehensive income	**59**	**–**	**59**
Employer contributions/premiums paid		(44)	(44)
Benefit payments	(133)	133	–
31-Mar-17	**613**	**(327)**	**286**

The net liability disclosed above relates to funded and unfunded plans are as follows :

	31-Mar-17	31-Mar-16	1-Apr-15
Present value of funded obligations	613	607	671
Fair value of plan assets	(327)	(387)	(469)
Deficit of funded plans	286	220	202

Major Categories of Plan Assets as a percentage of fair value of the total plan assets :

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

Principal Actuarial assumptions used :

	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate	8%	8%	8%
Salary escalation rate	4%	4%	4%
Withdrawl rate	1% to 8%	1% to 8%	1% to 8%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate		

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

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.

The contribution expected to be made by the Company for the year ended March 31, 2018 is not readily ascertainable.

Expected Payout

The weighted average duration for 2016 -17 of the defined benefit obligation is 15.42 years (March 31, 2016 : 15.01 years, April 1, 2015 : 14.28 years)The expected maturity analysis of undiscounted gratuity is as follows :

	31-Mar-17	31-Mar-16	1-Apr-15
Less than a year	27	176	215.05
Between 1 to 2 years	178	53	59
Between 2 to 5 years	265	159	150
More than 5 Years	243	218	246
Total	**713**	**606**	**671**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	31-Mar-17	31-Mar-16
Sensitivity Analysis		
Increase in discount rate by 1%	585	580
Decrease in discount rate by 1%	641	635
Increase in salary escalation by 1%	642	635
Decrease in salary escalation by 1%	584	579
Increase in Withdrawl rate by 1%	617	613
Decrease in Withdrawl rate by 1%	606	601

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk — The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk — A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy — The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk — The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

b) 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

Notes to the standalone financial statements for the year ended 31st March, 2017

to the members of the Trusts is not lower that 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 Note on 'Employee Benefits' issued by the Accounting Standards Board of The Institute of Chartered Accountants of India (ICAI), a provident fund trust set up by the Company are treated as defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the balance sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs. 94 lakhs (2015-16 Rs. 119 lakhs) to the Provident Fund Trust has been expensed under the " Contribution to Provident and Other Funds" in Note 30. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

(All amounts in Rs lakhs, unless otherwise stated)

Principal Actuarial assumptions used:

	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate	7.70%	8.00%	9.16%
Expected Return on Exempted Fund	8.65%	8.80%	8.78%

(ii) Post Employment Defined Contribution Plan

During the year, an amount of ₹ 23 lakhs (2015-16 ₹ 40 lakhs) has been recognised as expenditure towards defined contribution provident fund of the company.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 24 OTHER CURRENT LIABILITIES			
Advance received from customers	2,181	1,773	1,962
Dues payable to government authorities	515	527	520
Total other current liabilities	2,696	2,300	2,482

Note 25 The Company has made provision as at year end for all material losses if any, on long term contracts.

	31-Mar-17	31-Mar-16
Note 26 REVENUE FROM OPERATIONS		
Sale of products (including excise duty)	24,727	22,343
Sale of services	736	166
Other operating revenue	870	966
Total revenue from continuing operations	26,333	23,475

	31-Mar-17	31-Mar-16
Note 27 OTHER INCOME		
Rental income	74	73
Interest income from financial assets at amortised cost	612	1,126
Net gain on sale of tangible assets (net)	-	63
Provision no longer required written back	243	275
Liability no longer required written back	81	65
Net foreign exchange gain	98	104
Other items	77	138
Total other income	**1,185**	**1,844**

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 28 COST OF MATERIALS CONSUMED	31-Mar-17	31-Mar-16
Raw materials at the beginning of the year	1,649	1,492
Add: Purchases	8,972	10,233
Less: Raw material at the end of the year	1,684	1,649
Total cost of materials consumed	8,937	10,076

Note 29 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS	31-Mar-17	31-Mar-16
Opening balance		
Work-in progress	11,330	10,292
Finished goods	44	66
Total opening balance	**11,374**	**10,358**
Closing balance		
Work-in progress	11,077	11,330
Finished goods	63	44
Total closing balance	**11,140**	**11,374**
Total changes in inventories of work-in-progress and finished goods	**234**	**(1,016)**

Note 30 EMPLOYEE BENEFIT EXPENSES	31-Mar-17	31-Mar-16
Salaries, wages and bonus	2,548	2,633
Contribution to provident and other funds	165	197
Staff welfare expenses	140	136
Total employee benefit expenses	**2,853**	**2,966**

Note 31 DEPRECIATION AND AMORTISATION EXPENSE	31-Mar-17	31-Mar-16
Depreciation of property, plant and equipment	1,543	1,489
Depreciation on investment properties	3	3
Amortisation of intangible assets	70	87
Total depreciation and amortisation expense	**1,616**	**1,579**

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 32 OTHER EXPENSES	31-Mar-17	31-Mar-16
Consumption of stores and spares	2,325	2,270
Fabrication and other charges	1,941	1,726
Power	298	377
Repairs and maintenance		
Buildings	16	14
Plant and machinery	71	59
Others	72	89
Professional fees	347	311
Rental charges	60	71
Subscriptions and donations	2	3
Bank charges	30	32
Rates and taxes	33	74
Insurance	61	59
Freight	320	431
Travel and conveyance	346	364
Royalty	34	16
Commission expenses	98	36
Bad debts written off	1	11
Allowance for doubtful debts — trade receivables / other assets	299	258
Provision for warranty	9	30
Net loss on sale of tangible assets (net)	2	-
Miscellaneous expenses (refer note 32 (a) below)	579	680
Total other expenses	**6,944**	**6,911**

Note 32 (a) Miscellaneous expenses includes :

	31-Mar-17	31-Mar-16
Payment to auditors		
Audit fee	33	33
Other services	9	9
Total payments to auditors	**42**	**42**

Note 32 (b) Corportate Social Responsibility :

As the average net profit for last three years as per Section 135 of the Companies Act, 2013 is Rs Nil, hence the Company has not incurred any expenditure on account of corporate social responsibility.

Note 33 FINANCE COSTS	31-Mar-17	31-Mar-16
Interest and finance charges on financial liabilities at amortised cost	3,449	3,302
Total Finance costs	**3,449**	**3,302**

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 34 Income tax expense

This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

	31-Mar-17	31-Mar-16
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	**-**	**-**
Deferred tax		
Decrease (increase) in deferred tax assets	(2,747)	(61)
(Decrease) increase in deferred tax liabilities	(349)	61
Total deferred tax charge / (credit)	**(3,096)**	**-**
Income tax expense	**(3,096)**	**-**

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

	31-Mar-17	31-Mar-16
Profit/(Loss) before income tax expense	(2,512)	(2,608)
Other comprehensive income	(59)	18
	(2,571)	**(2,590)**
Tax at the Indian tax rate of 30,9% (2015-2016 — 30.9%)	-	-
Add : Deferred Tax Asset created for Unabsorbed business loss	(2,726)	(120)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	(57)	(22)
Disallowance for doubtful debts and doubtful advances	110	110
Change in carrying value of assets under Income tax and books	(315)	56
Others	(108)	(24)
Income tax expense	**(3,096)**	**-**

	31-Mar-17	31-Mar-16
Note 35 CONTINGENT LIABILITIES		
(a) Claims against the Company not acknowledged as debts : -		
Excise Duty matters under dispute	238	141
Sales Tax and Value Added Tax matters under dispute	3,415	3,230
Other demands related to claims made by certain ex-employees towards employee benefits due to them	137	272
	3,790	**3,643**
(b) Others		
Bills discounted with banks against letter of credit	94	31
Corporate Guarantee to banks on behalf of holding company	5,950	6,200
	6,044	**6,231**
	9,834	**9,874**

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

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Note 36 FAIR VALUE MEASUREMENTS

Financial instruments by category

	31 March 2017			31 March 2016			1 April 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets									
Trade Receivables	-	-	9,391	-	-	13,753	-	-	14,081
Cash and Cash Equivalents	-	-	479	-	-	228	-	-	441
Other bank balances	-	-	108	-	-	82	-	-	81
Derivative financial asset	25	-		98	-	-	124	-	-
Other financial assets	-	-	143	-	-	2,266	-	-	290
Total Financial Assets	**25**	**-**	**10,121**	**98**	**-**	**16,329**	**124**	**-**	**14,893**
Financial Liabilities									
Borrowings	-	-	15,407	-	-	18,616	-	-	17,490
Trade payables	-	-	7,633	-	-	7,237	-	-	7,544
Derivative financial liabilities	-	-	-	7	-	-	2	-	-
Other financial liabilities	-	-	5,390	-	-	10,993	-	-	5,759
Total Financial Liabilities	**-**	**-**	**28,430**	**7**	**-**	**36,846**	**2**	**-**	**30,793**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value (b) measured at amortised cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31 March 2017

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	11	-	25	-	25
Total Financial Assets		**-**	**25**	**-**	**25**

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31 March 2016

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	11	-	98	-	98
Total Financial Assets		**-**	**98**	**-**	**98**

	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Financial investment at FVPL					
Derivative financial liabilities	20	-	7	-	7
Total Financial Liabilities		**-**	**7**	**-**	**7**

Notes to the standalone financial statements for the year ended 31st March, 2017

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31 March 2015

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	11	-	124	-	124
Total Financial Assets		-	**124**	**-**	**124**

	Notes	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Financial investment at FVPL					
Derivative financial liabilities	20	-	2	-	2
Total Financial Liabilities		-	2	**-**	**2**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1: Quoted (unadjusted) prices in active market for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observabke market data.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

(iii) Fair value of the financial asset and liabilities measured at amortised cost

The management consider that the carrying amounts of financial assets and liabilities recognized in the financial statements and carried at amortised cost approximate their fair value as on 31.03.2017, 31.03.2016 and 01.04.2015.

Note 37 FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(A) Credit Risk

Credit risk arises from cash and cash equivalents, investments and other financial assets carried at amortised cost and deposits with bank and financial institutions, as well as credit exposures to outstanding receivables.

(i) **Credit Risk Management**

The company assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk ; VL2: Quality assets, low credit risk ; VL3: Standard assets, moderate credit risk; VL4: Substandard assets, relatively high credit risk ; VL5: Low quality assets, very high credit risk ; VL6: Doubtful assets, credit impaired

Notes to the standalone financial statements for the year ended 31st March, 2017

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating

- external credit rating

- actual or expected significant changes in the operating results of the payor

- significant increase in credit risk on other financial instruments of the same payor

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

- significant changes in the expected performance and behavior of the payor, including changes in the operating results of the payor

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

Financial assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Company or where payor/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the Company continues to engage in enforcement activities to attempt to recover the receivable due.

(ii) **Provision for expected credit losses**

The Company provides for expected credit loss of trade receivables and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Wherever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove to effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

(a) Expected credit loss for other financial assets

Particulars		Assetgroup	Internal credit rating	Estimated gross carrying amount at default			Expected probability of default			Expected credit losses			Carrying amount net of impairment provision		
				Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Other financial assets	VL1	143	2,266	290	-	-	-	-	-	-	143	2,266	290

(b) Expected credit loss for trade receivables under simplified approach

Particulars (Internal credit rating - VL 3)	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Due for less than six months	Due for more than six months	Due for less than six months	Due for more than six months	Due for less than six months	Due for more than six months
Gross carrying amount	6,191	4,239	7,837	7,176	10,961	4,638
Expected credit losses (loss allowance provision)	177	862	221	1,039	342	1,176
Carrying amount of trade receivables	6,014	3,377	7,616	6,137	10,619	3,462

Notes to the standalone financial statements for the year ended 31st March, 2017

(iii) **Reconciliation of loss allowance provision- Trade Receivables**

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loss allowance on at opening balance sheet date	1,260	1,518	1,518
Changes in loss allowance	(221)	(258)	-
Loss allowance on at closing balance sheet date	1,039	1,260	1,518

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligation s when due and to close out market positions. Due to dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) **Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based in their contractual maturities for:

(i) all non-derivative financial liabilities, and ;

(ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	Less than 12 months			More than 12 months			Total		
	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15
Derivative financial liabilities	-	7	2	-	-	-	-	7	2
Borrowings	11,715	12,588	13,737	3,692	6,028	3,753	15,407	18,616	17,490
Trade payables	7,621	7,167	7,535	12	70	9	7,633	7,237	7,544
Other financial liabilities	5,390	9,845	5,757	-	1,141	-	5,390	10,986	5,757
Total Liability	**24,726**	**29,607**	**27,031**	**3,704**	**7,239**	**3,762**	**28,430**	**36,846**	**30,793**

(C) Market Risk

(i) **Foreign Currency Risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions. primarily with respect to the US$ and EURO. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the company’s functional currency (Rs). The risk is measured through the expected foreign currency cash flows based on the Company’s receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than Rs. The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

Notes to the standalone financial statements for the year ended 31st March, 2017

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follows :

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	USD	EURO	USD	EURO	USD	EURO
Financial Assets						
Trade Receivables	1	-	-	-	2	-
Derivative financial assets	25	-	98	-	124	-
	26	**-**	**98**	**-**	**126**	**-**
Financial Liability						
Foreign currency loan	13	-	58	-	87	-
Trade Payable	-	-	1	1	1	-
Derivative financial liability	-	-	7	-	2	-
	13	**-**	**66**	**1**	**90**	**-**

(b) Sensivity:

Impact on profit

Particulars	As at 31 March 2017		As at 31 March 2016	
	USD	EURO	USD	EURO
Increase by 5% (31 March 2016-5%)#	(37)	-	(191)	(4)
Decrease by 5% (31 March 2016-5%)#	37	-	191	4

Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During 31 March 2017 and 31 March 2016, the Company's borrowings at variable rate were mainly denominated in INR and USD.

The Company's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Company's borrowings to interest rate changes at end of reporting period are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Variable rate borrowings	18,699	22,753	20,976
Fixed rate borrowings	266	413	738

The Company has entered in Interest rate swap for certain loan to monitor foreign currency interest exposure

(b) Sensivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	As at 31 March 2017	As at 31 March 2016
Increase in interest rates by 50 basis points (50 bps) #	(104)	(109)
Decrease in interest rates by 50 basis points (50 bps) #	104	109

Holding all other variables constant

Notes to the standalone financial statements for the year ended 31st March, 2017

Note 38 CAPITAL MANAGEMENT

Risk Management

The Company aims to manage its capital efficiency so as to safeguard its ability to continue as going concern and to optimise returns to the shareholders.

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity , borrowings and operating cash flows as required. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell asssets to reduce debt.

Loan covenants

Under the terms of the major borrowing facilities, the company is required to comply with certain financial covenants, of which all have not been complied with as at balance sheet date. However, the banks have not withdrawn the facilities.

Note 39 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Current			
Financial Assets			
Trade Receivables	9,391	13,753	14,081
Cash and Cash Equivalents	587	310	522
Other financial assets	28	2,234	143
Non-financial Assets			
Inventories	13,528	13,769	12,688
Other current assets	1,112	886	1,644
Total Current assets	**24,646**	**30,952**	**29,078**
Non-current			
Property, Plant and Equipments	15,174	16,316	16,921
Capital work-in-progress	*	15	35
Investment properties	381	384	387
Other intangible assets	104	174	258
Total Non-current assets	**15,659**	**16,889**	**17,601**
Total Assets pledged as security	**40,305**	**47,841**	**46,679**

* rounding off norm adopted by the Company

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	31-Mar-17	31-Mar-16
Note 40 EARNINGS PER SHARE		
Basic Earning per share		
Net profit after tax	566	(2,602)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	89,99,136	89,89,273
Basic Earning per share (in Rs.)	**6.29**	**(28.95)**
Diluted Earning per share		
Net profit	566	(2,602)
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	89,99,136	89,89,273
Diluted Earning per share (in Rs.)	**6.29**	**(28.95)**
Weighted average number of shares used as the denominator		
Weighted average number of equity share at the beginning of the year	89,89,273	89,89,273
Compulsorily Convertible Preference shares issued on 31 March 2017	36,00,000	-
Weighted average number of equity share at the beginning of the year	89,99,136	89,89,273

Note 41 COMMITMENTS

(a) Capital Commitments

There is no capital commitment as at balance sheet date

(b) Cancellable operating leases

The Company has leasing arrangements in respect of operating leases for premises (residential, office, etc.). These leasing arrangements which are cancellable are for a period of 3 years, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of Rs. 60 (31.03.2016 : Rs. 54) paid/payable are charged as Rent under Other Expenses.

Particulars	31-Mar-17	31-Mar-16
Note 42 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	92	204
Interest	24	17
(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	80	-
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	32	54
Interest	10	9
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs.7 lakhs (31.03.2016 Rs. 7 lakhs) being interest outstanding as at the beginning of the accounting year]	50	37
(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	25	22

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

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 43 Revenue Expenditure on Research and Development of Rs 49 lakhs (31.03.2016 Rs. 54 lakhs)

Note 44 The Company is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decison maker as defined under Note 1, the Company's operation comprises of only one reporting segment . Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting"

Particulars	31-Mar-17	31-Mar-16
Revenue from Customers		
- India	26,288	23,235
- Outside India	45	240
Non-current assets		
- India	16726	18308
- Outside India	-	-

Revenue for the year from couple of external customer is approximately 19% (2015-16 : 25%)

Note 45 RELATED PARTY TRANSACTIONS

a) Where control exists
i) Holding Company
McNally Bharat Engineering Company Limited (MBECL)
b) Others
i) Subsidiary
MBE Coal & Mineral Technologies India Private Limited (MCMTI) $
ii) Fellow subsidiaries
McNally Bharat Equipments Limited #
McNally Bharat Infrastructure Limited (MBIL)
MBE Mineral Technologies Pte Limited #
MBE Minerals Zambia Ltd #
McNally Bharat Engineering (SA) Proprietary Ltd. #
Vedica Sanjeevani Projects Private Limited #
iii) Entities having significant influence over the Holding Company
EMC Limited #
Williamson Magor & Company Limited #
iv) Post employment benefit plan of the Company
McNally Bharat Executive Staff Gratuity Fund (MBESGF)
McNally Bharat Employees Provident Fund (MBEPF)
v) Key management personnel
- Mr. Subir Chaki – Whole time Director
- Mr. Uttam Tekriwal – Chief Financial Officer
- Mr. Heath Brian Zarin – Non-Executive Director
- Mr. Padam Kumar Khaitan – Non-Executive Director
- Mr. Brij Bhusan – Non-Executive Director
- Mrs. Tehnaz Punwani – Non-Executive Director

Notes to the standalone financial statements for the year ended 31st March, 2017

vi) Key management personnel of Holding Company
- Mr. Srinivash Singh – Managing Director
- Mr. Prabir Kumar Ghosh – Whole Time Director
- Mr. Prashanta Kumar Chandra – Whole Time Director & COO

$ MCMTI, a fellow subsidiary, became a subsidiary w.e.f 30th December 2015

No transactions during the year.

(c) Transactions with related parties:

The following transactions occurred with related parties: *(All amounts in Rs lakhs, unless otherwise stated)*

Particulars	31-Mar-17	31-Mar-16
Sale of Products and Services - MBECL	4,812	3,050
Sale of Products and Services - MCMTI	11	-
Sale of Products and Services - MBIL	390	-
Purchase of services - MBECL	-	-
Purchase of services - MCMTI	-	361
Corporate Guarantee given - MBECL	5,950	6,200
Rental Income - MBECL	72	72
Other Income - MBECL	575	1,116
Rental and Other Charges - MBECL	70	44
Advance given - MCMTI	-	32
Loan given - MBECL	-	4,100
Loan recovered - MBECL	2,125	1,975
Purchase of shares - MBECL	-	2,700
Issue of Preferential Shares - MBECL	2,700	-
Remuneration paid to key management personnel	142	142
Contribution to Fund - MBESGF	98	53
Contribution to Fund - MBEPF	45	40

(d) Outstanding balances arising from sales/ purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Trade and Other Receivables			
MBECL	973	4,364	5,556
MBIL	390	-	-
MCMTI	64	52	52
Trade Payables			
MBECL	72	54	54
MCMTI	158	392	59
Short Term Loans and Advances			
MBECL	-	2,125	-
MCMTI	113	-	-
Other Current Liabilities			
MBECL	-	2,700	170
MCMTI	-	111	113
Investments			
MCMTI	2,700	2,700	-
Outstanding Compulsorily Convertibe Preference Shares			
MBECL	2,700	-	-

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Outstanding Corporate Guarantee Given			
MBECL	5,950	6,200	3,354
Outstanding Corporate Guarantee Received			
MBECL	6,496	7,366	5,289
Key management personnel			
Advance Outstanding	3	11	19
Payables	13	13	-

Notes :

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the Company as a whole hence the employee benefit cost as per Ind AS 19 for key managerial personnel is not available . The amount disclosed reflects the total cost to the Company for the key managerial personnel and includes current service cost for key managerial personal calculated as per Ind AS 19 through acturial valuation for 2016-17 amounting to Rs 5 lakhs (2015-16 : Rs 5 lakhs).

(b) Transactions with related parties mentioned above are as per terms and contracts approved by the board. All transactions disclosed above were made on normal commercial terms and condtions and wherever applicable linked with market rates .

(c) All outstanding balances are unsecured and repaybale / receivable in cash.

Note 46 : First-time adoption of Ind AS

Transitions to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and Exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.3 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Asset.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.4 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

A.1.5 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/ arrangements.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

i Investment in equity instruments carried at FVOCI;

ii Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

B.1 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Particulars	Notes to first-time adoption	March 31, 2016 #	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP		13,905	16,583
Adjustments:			
Add / (Less) :			
Expected credit loss allowance for debtors	46(C)(2)	(1,242)	(1,517)
Recognition of financial instrument at fair value	46(C)(3)	90	121
Borrowings - transaction cost adjustment	46(C)(4)	105	40
Fair valuation of corporate guarantee	46(C)(11)	(124)	-
Deferrment of revenue recognition	46(C)(6)	(322)	(120)
Interest income on unwinding of deferrment of revenue recognition	46(C)(6)	105	-
Total Adjustments		(1,388)	(1,476)
Total Equity as per Ind AS		12,517	15,107

Reconciliation for year ended March 31, 2016 consists of cumulative impact on transition date and transactions during the year ended 2015-16

Notes to the standalone financial statements for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

B.2 Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	Notes to first-time adoption	March 31, 2016
Profit after tax as per previous GAAP		(2,678)
Adjustments:		
Provision for expected credit losses on trade receivables reversed	46(C)(2)	275
Recognition of financial instrument at fair value	46(C)(3)	(31)
Borrowings - transaction cost adjustment	46(C)(4)	65
Fair valuation of corporate guarantee	46(C)(11)	(124)
Deferrment of revenue recognition	46(C)(6)	(202)
Interest income on unwinding of deferrment of revenue recognition	46(C)(6)	105
Remeasurement cost under Acturial valuation for employee benefits	46(C)(7)	(18)
Adjustment of tax on remeasurement cost classified under OCI	46(C)(7)	6
Total Adjustments		**76**
Profit after tax as per Ind AS		**2,602**
Other Comprehensive Income		
Remeasurements of post-employment benefit obligations		18
Income Tax relating to these items		(6)
Total comprehensive Income as per Ind AS		(2,590)

B.3. Impact of Ind AS adoption on the cash flows for the year ended 31 March 2016

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Net Cash Flow from Operating Activities	46(C)	3,532	(1,084)	2,448
Net Cash Flow used in Investing Activities		(1,577)	(1)	(1,578)
Net Cash Flow used in Financing Activities		(2,168)	1	(2,167)
Net increase/(decrease) in cash and cash equivalents		(213)	(1,084)	(1,297)
Cash and Cash equivalents as at 1 April 2015		441	-	441
Cash and Cash equivalents as at 31 March 2016		228	(1,084)	(856)

B.4 Analysis of changes in cash and cash equivalents for the purposes of statement of cash flows under Ind AS

Particulars	Notes to first-time adoption	March 31, 2016	April 1, 2015
Cash and Cash equivalents as per previous GAAP		228	441
Bank Overdrafts	46(C)(8)	1,084	-
Cash and Cash equivalents for the purpose of statement of cash flows		(856)	441

C. Notes to first-time Adoption

Note 1: Investment Property

Under the previous GAAP, certain part of Leasehold Land which had been given on rent to McNally Bharat Engineering Limited (MBECL, the Holding Company) was carried under Tangible Fixed Assets. Under Ind AS, tangible fixed assets held for rental income and / or capital appreciation is within the ambit of Ind AS 40 “Investment Property” and has been accordingly reclassified. Consequent to the above change Property, Plant and Equipment has decreased by Rs. 384 for the year ended 31 March 2016 (1 April 2015 Rs. 387). There is no impact on the total equity or loss as a result of this adjustment.

Notes to the standalone financial statements for the year ended 31st March, 2017

Note 2: Trade Receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs. 1242 as at 31 March 2016 (1 April 2015 Rs. 1517). Consequently, the total equity as at 31 March 2016 decreased by Rs. 1242 (1 April 2015 Rs. 1517) and loss for the year ended 31 March 2016 decreased by Rs. 275.

Note 3: Other financial assets

Under the previous GAAP, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability was amortised as expense or income over the life of the contract. Other contracts entered which are not hedged against existing asset / liability, then marked to market losses, if any at balance sheet date were recognised as expense. Under the Ind AS 109, such financial instruments are to be carried at fair value and the resultant gains and lossess are recorded in the Profit or loss. Accordingly, the same has been fair valued resulting in incerease in equity by Rs. 90 as at 31 March 2016 (increase by Rs. 121 as at 1 April 2015).

Note 4: Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31 March 2016 have been reduced by Rs 105 (1 April 2015 Rs 40) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amout. The loss for the year ended 31 March 2016 decreased by Rs 65 as a result of the transaction cost adjustment.

Note 5: Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by Rs 2,422. There is no impact on the total equity and profit.

Note 6: Deferred revenue

Under the previous GAAP, revenue from sale of products (including retention portion) was recognised at invoiced value on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery. Under Ind AS, revenue from sale of goods is recognised at fair value on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery. Accordingly, retention portion of the revenue is discounted to bring it at its present and recognised. The differential of amount billed and its fair value is recognised as interest income over the period till the retetntion amount becomes claimable. This change has resulted in a decrease in trade receivables as at 1 April 2015 by Rs. 120 with a corresponding decrease in retatined earnings. The total revenue from operation for the year ended 31 March 2016 has decreased by Rs. 202 and increase in interest income on unwinding of same by Rs. 105, resulting in net decrease in equity by Rs. 97 for year ended 31 March 2016.

Note 7: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. acturial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As result of this change, the profit for the year ended March 31, 2016 decreased by Rs 18. There is no impact on the total equity as at 31 March 2016.

Note 8: Bank Overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents have reduced by Rs. 1084 lakhs as at 31 March 2016 (1 April 2015- Rs

Notes to the standalone financial statements for the year ended 31st March, 2017

Nil) and cash flows from financing activities for the year ended 31 March 2016 have also reduced by Rs. 1084 lakhs to the effect of the movements in bank overdraft.

Note 9: Retained Earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 10: Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 11: Other Financial Liabilities

As per Ind AS 109, the Company is required to recognise the fair value liability of the Corporate Guarantee given based on expected probability of the same being evoked. As a result, the Company has recognised Rs. 124 (1 April 2015 Rs. Nil) based on expected probability of outflow. Consequently the total equity as at 31 March 2016 decreased by Rs. 124 (1 April 2015 Rs. Nil).

Note 47

The details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 and December 30, 2016 are as follows :

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	8	6	14
Add : Permitted receipts	-	37	37
Less : Permitted payments	-	35	35
Less : Amount deposited in banks	8	-	8
Closing cash in hand as on December 30, 2016	-	8	8

Note 48

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' . These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from April 1, 2017. The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Note 49

Unless otherwise stated, figures in brackets relates to the previous year, which have been rearranged / regrouped wherever necessary.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants
Prabal Sarkar
Partner
Membership Number : 52340
Place : Kolkata
Date : 30th May, 2017

Subir Chaki
Whole-time Director

Tehnaz Punwani
Director

Uttam Tekriwal
Chief Financial Officer

Arunabha Acharya
Company Secretary

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

REPORT ON THE CONSOLIDATED INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated Ind AS financial statements of McNally Sayaji Engineering Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"); (refer Note 2.1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair View of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, 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.

4. We conducted our audit of the consolidated Ind AS financial statements 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 consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments. the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

BASIS FOR QUALIFIED OF OPINION

7. The subsidiary company uses the services of a third party service organization for payroll processing. As per the

Independent Auditors' Report

requirements of SA 402 (Revised) "Audit Considerations Relating To An Entity Using A Service Organisation", we have not been able to obtain sufficient appropriate audit evidence to identify and assess the risk of material misstatement around the controls established by such third party service organization either through obtaining a Type 11 report from the auditors of the service organization or through performance of relevant audit procedures. Accordingly, we are unable to comment on the Employee Benefit Expense and the Employee Benefit Liability amounting to Rs. 932 Lacs and Rs. 109 Lacs respectively with a consequential impact on the Statement of Profit 8: Loss and Cash Flow Statement for the year and the Balance Sheet as on March 31, 2017.

QUALIFIED OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, subject to our remark in paragraph 7 above, the aforesaid consolidated Ind AS 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 consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit/ loss (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

OTHER MATTER

9. The comparative financial information of the Company for the year ended March 31, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified Opinion dated May 27, 2016. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us, on which we have expressed an unmodified opinion vide our report dated, May 30, 2017.

Our opinion is not qualified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

    (d) In our Opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

Annexure 'A' to the Independent Auditors' Report

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group— Refer Note 35(a) to the consolidated Ind AS financial statements.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long—term contracts including derivative contracts as at March 31, 2017— Refer (a) Note 48 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2017.

iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company, and its subsidiary companies incorporated in India and as produced to us by the Management Refer Note 49.

For **LOVELOCK & LEWES**
Firm Registration Number: 3010156E
Chartered Accountants
Prabal Kumar Sarkar
Partner
Membership Number : 52340

Place: Kolkata
Date: May 30, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10") of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limited on the consolidated financial statements for the year ended March 31, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of McNally Sayaji Engineering Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Com pany's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

BASIS FOR QUALIFIED OPINION

8. The subsidiary company uses the services of a third party service organization for payroll processing. As per the requirements of SA 402 (Revised) "Audit Considerations Relating To An Entity Using A Service Organisation", we have not been able to obtain sufficient appropriate audit evidence to identify and assess the risk of material misstatement around the controls established by such third party service organization either through obtaining a Type 11 report from the auditors of the service organization or through performance of relevant audit procedures and accordingly are unable to comment of the adequacy and operating effectiveness of the internal financial controls over the payroll processing system.

QUALIFIED OPINION

9. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting, except for matters stated in paragraph 8 above and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LOVELOCK & LEWES**
Firm Registration Number: 3010156E
Chartered Accountants
Prabal Kumar Sarkar
Partner
Membership Number : 52340

Place: Kolkata
Date: May 30, 2017

Consolidated Balance Sheet as at 31st March, 2017

(All amounts in Rs lakhs unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	16,326	17,827	18,777
Capital work-in-progress	4	17	32	84
Investment properties	5	381	384	387
Other intangible assets	6	105	176	261
Financial assets				
Investments	7	-	*	*
Trade receivables	8	2,353	2,427	2,092
Other financial assets	11	794	586	635
Deferred tax assets	16	3,866	821	874
Other non-current assets	15	5	5	5
Total non-current assets		**23,847**	**22,258**	**23,115**
Current assets				
Inventories	12	14,363	14,536	13,394
Financial assets				
Trade receivables	8	10,423	14,996	15,291
Cash and cash equivalents	9	604	289	1,026
Bank balances other than above	10	522	472	81
Other financial assets	11	402	2,515	299
Current Tax Assets (Net)	14	198	93	131
Other current assets	13	1,383	1,232	1,924
Total current assets		**27,895**	**34,133**	**32,146**
Total assets		**51,742**	**56,391**	**55,261**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	899	899	899
Other equity				
Compulsorily convertible preference shares	17	360	-	-
Reserves and surplus	18	12,749	9,796	12,223
Total equity		**14,008**	**10,695**	**13,122**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	19	3,692	6,028	3,753
Trade payables	22	53	35	21
Other financial liabilities	21	*	11	34
Provisions	23	95	84	83
Employee benefit obligations	24	213	200	196
Other non-current liabilities	25	350	335	233
Total non-current liabilities		**4,403**	**6,693**	**4,320**
Current liabilities				
Financial Liabilities				
Borrowings	20	13,804	14,687	15,498
Trade payables	22	9,733	9,367	9,843
Other financial liabilities	21	6,145	11,191	8,605
Provisions	23	202	390	406
Employee benefit obligations	24	314	256	243
Other current liabilities	25	3,133	3,112	3,224
Total current liabilities		**33,331**	**39,003**	**37,819**
Total liabilities		**37,734**	**45,696**	**42,139**
Total equity and liabilities		**51,742**	**56,391**	**55,261**

* amount is below rounding off norm adopted by the Group

The accompanying notes are an integral part of these Consolidated Financial Statements

This is the Consolidated 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 : 30th May, 2017

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

Consolidated Statement of Profit & Loss for the year ended 31st March, 2017

(All amounts in Rs lakhsunless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Revenue from operations	26	31,191	27,055
Other income	27	1,827	2,326
Total income		**33,018**	**29,381**
Expenses			
Cost of materials consumed	28	10,963	11,411
Purchases of stock-in-trade		3,512	1,687
Changes in inventories of work-in-progress and finished goods	29	234	(1,016)
Excise duty		2,710	2,741
Employee benefit expense	30	3,839	3,935
Depreciation and amortisation expense	31	1,627	1,589
Other expenses	32	8,382	7,747
Finance costs	33	4,121	3,646
Total expenses		**35,388**	**31,740**
Profit/(Loss) before Tax		**(2,370)**	**(2,359)**
Income tax expense	34		
- Current tax		-	34
- Deferred tax Charge/(Credit)		(3,026)	46
Total tax expense		**(3,026)**	**80**
Profit/(Loss) for the Year		**656**	**(2,439)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(62)	18
Income Tax relating to these items		19	(6)
Other comprehensive income for the year, net of tax		(43)	12
Total Comprehensive Income for the year		**613**	**(2,427)**
Earnings / (Loss) per equity share for profit / (loss) for the year (Face Value of Rs 10/- each):	40		
- Basic		7.30	(27.13)
- Diluted		7.29	(27.13)

The accompanying notes are an integral part of these Consolidated Financial Statements

This is the Consolidated 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 : 30th May, 2017

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

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(All amounts in Rs lakhs,unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
Cash flow from operating activities		
Profit before income tax from Continuing operations	**(2,370)**	**(2,359)**
Adjustments for :-		
Depreciation on Tangible Assets	1,553	1,497
Amortisation of Intangible assets	71	89
Depriciation on Investment Property	3	3
Loss / (Gain) on Sale of Fixed Assets (Net)	2	(63)
Interest income classified as investing cash flows	(637)	(1,146)
Finance costs	4,121	3,646
Provision for bad and doubtful trade receivables	399	236
Bad Debts written off	1	11
Liabilities no longer required written back	(132)	(65)
Provision no longer required written back	(798)	(735)
Provision for Warranty	25	65
Provision for Mark to Market Loss no longer required written back	73	27
Net exchange differences	2	1
Cash flow from operating activities before change in operating assets and liabilities	**2,313**	**1,207**
Decrease / (Increase) in trade and Other Receivables	6,676	(1,445)
Decrease / (Increase) in inventories	173	(1,142)
(Increase) / Decrease in Trade & Other Payables	(1,259)	574
Increase in employee benefit obligations	71	17
Cash generated from operations	**7,974**	**(789)**
Income taxes (paid) / received	(105)	4
Net cash inflow from operating activities	**7,869**	**(785)**
Cash flows from investing activities		
Payments for property, plant and equipment	(61)	(81)
Proceeds from sale of property, plant and equipment	7	72
Interest received	637	1,146
Net cash outflow from investing activities	**583**	**1,137**
Cash flows from financing activities		
(Repayment of) / Proceeds from Long Term Borrowings	(3,313)	2,146
Interest paid	(3,948)	(3,507)
Net (decrease) in Cash Credit Facilities including WCDL	(883)	(811)
Payment of Dividend	(1)	(1)
Net cash inflow (outflow) from financing activities	**(8,145)**	**(2,173)**
Net increase (decrease) in cash and cash equivalents	**307**	**(1,821)**
Cash and cash equivalents at the beginning of the financial year	289	1,026
Cash and cash equivalents at end of the year	596	(795)

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(All amounts in Rs lakhs, unless otherwise stated)

Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following	**31-Mar-17**	**31-Mar-16**
Cash and cash equivalents [Refer Note 9]	604	289
Bank overdrafts [Refer Note 20]	8	1,084
Balances per statement of cash flows	596	(795)

1. The above Consolidated Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard 7 on ‘Cash Flow Statement’.
2. Previous period figures have been rearranged/regrouped wherever necessary.

This is the Consolidated 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 : 30th May, 2017

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

Consolidated Statement of Change in Equity

(All amounts in Rs lakhs, unless otherwise stated)

A EQUITY SHARE CAPITAL

	Notes	Amount
As at 1 April 2015	17	899
Changes in Equity Share Capital		-
As at 31 March 2016	17	899
Changes in Equity Share Capital		-
As at 31 March 2017	**17**	**899**

B OTHER EQUITY

	Compulsorily Convertible Preference Share Capital	Reserves and Surplus			Capital Reserve	Other Items of Other Comprehensive Income	Total
		Securities Premium Reserve	General Reserve	Retained Earnings			
Balance at 1 April 2015	**-**	**3,372**	**1,520**	**668**	**6,663**	**-**	**12,223**
Profit for the year	-	-	-	(2,439)	-	-	(2,439)
Other Comprehensive Income	-	-	-	-	-	12	12
Total Comprehensive Income for the year	**-**	**-**	**-**	**(2,439)**	**-**	**12**	**(2,427)**
Balance at 31 March 2016	**-**	**3,372**	**1,520**	**(1,771)**	**6,663**	**12**	**9,796**
Profit for the year	-	-	-	656	-	-	656
Other Comprehensive Income	-	-	-	-	-	(43)	(43)
Total Comprehensive Income for the year	**-**	**-**	**-**	**656**	**-**	**(43)**	**613**
Issue of compulsurily convertible preference shares	360	2,340	-	-	-	-	2,700
	360	**2,340**	**-**	**-**	**-**	**-**	**2,700**
Balance at 31 March 2017	**360**	**5,712**	**1,520**	**(1,115)**	**6,663**	**(31)**	**13,109**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

This is the Statement of Changes in Equity 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 : 30th May, 2017

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 the Consolidated Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

1.1.1 Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements under IND AS. Refer Note 46 for an explanation of how the transition from previous GAAP to Ind AS has affected the entity's financial position, financial performance and cash flows.

1.1.2 Classification of current and non-current

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the revised Schedule III to the Companies Act, 2013.

1.1.3 Historical Cost Convention

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for the following:

i) certain financial assets and liabilities (including derivative instruments) that is measured at fair value;

ii) defined benefit plans – plan assets measured at fair value.

1.2 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker comprises of the Wholetime Director and the CFO.

1.3 Foreign Currency Translation

1.3.1 Functional and presentation currency

Items included in the financial statements of the entity is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements is presented in India Rupees (Rs) which is the Company's functional and presentation currency.

1.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses (other than relating to reporting of long-term foreign currency monetary items) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other Gains/(Losses).

1.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of sales return, sales tax/ value added tax, trade allowances and amount collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met as described below.

Notes to the Consolidated Financial Statements

Sale of Products

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.

Revenue from construction contracts

Revenue from construction contracts is recognized by reference to percentage of completion method. Percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recogniszed as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Variation in contract work, claims and incentive payments are included in contract revenue to the extent agreed to with the customer and are capable of being reliably measured.

Sale of Services

Sale of service is recognized as revenue as and when it becomes due as per terms of contracts.

1.5 Accounting for Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit (accounting loss) nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.6 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of

Notes to the Consolidated Financial Statements

three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1.7 Leases

As a lessee

Leases of property, plant and equipment where the Group, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased propoerty or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the borrowings or other financial liabilities, as approrpiate. Each lease payament is allocated between the liability and the finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which significant portion of risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments made under operating leases are charged to the profit or loss.

As a lessor

Lease income from operating lease where the Group is a lessor is recognised in income. The respective leased assets are included in the balance sheet based on their nature.

1.8 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.9 Inventories

"Raw Materials and Components, Stores and Spares, Loose Tools, Work in progress and Finished Goods are stated at lower of cost and net realisable value. Cost of Work in progress and Finished Goods comprise direct material, direct labour and appropriate portion of variable and fixed overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the basis of weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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."

1.10 Investments and Other Financial Assets

1.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in Debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

1.10.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the Consolidated Financial Statements

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

(i) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) **Fair value through other comprehensive income (FVOCI):** Assets that are held for collections of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Group subsequently measures all equity investments (except subsidiary) at fair value. Where the management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

1.10.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1.10.4 Derecognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or

- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Notes to the Consolidated Financial Statements

1.10.5 Income Recognition

Interest Income

Interest Income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

1.11 Property, Plant and Equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values on the basis of useful lives prescribed in Schedule II to the Companies Act, 2013, which are also supported by technical evaluation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

1.12 Investment Properties

Property that is held for long term rental yeilds or for capital appreciation of both, and is not occupied by the Group, is calssified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to profit and loss during the reporting period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced cost is derecognised.

Investment properties are depreciated using straight line method over the estimated useful lives.

Notes to the Consolidated Financial Statements

1.13 Intangible Assets

1.13.1 Design and Drawings, Technical knowhow and other rights

Separately acquired Design and Drawings, Technical knowhow and other rights are shown at historical cost.

1.13.2 Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Cost of purchased software are recorded as intangible assets and amortised from the point at which the asset is available for use.

1.13.3 Research and Development

Expenditure on Research and Development that does not meet the criteria laid out in the standard are recognised as expenses as and when incurred. Development costs previosuly recognised as an expense are not recognised as an asset in subsequent period.

1.13.4 Amortisation methods and periods

The Group amortises technical know-how over a period of five years and designs and drawing 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.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

1.14 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within the operating cycle from the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

1.16 Borrowing Cost

Specific borrowing and extent of general borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Notes to the Consolidated Financial Statements

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

1.17 Provision and Contingent Liabilities

Provisions are recognised when there is a present legal or constructive 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is 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 Group 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 cannot be made.

When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure for contingent liability is made.

1.18 Employee Benefits

1.18.1 Short-term Employee Benefits

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 Group's scheme based on expected obligations on undiscounted basis.

1.18.2 Other Long-term Employee Benefits

The cost of providing long-term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

1.18.3 Post-employment Benefit Plans

- 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 profit or loss in the period in which the related employee services are rendered. The Group has no further obligations for future Provident Fund benefits other than its monthly contributions.

Certain employees of the Parent 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 Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Parent 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 obligation to meet the shortfall, there is a defined benefit plan. Actuarial valuation of the Parent 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 profit or loss.

- Superannuation Fund

This is the defined contribution plan. The Group contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees . The Group 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.

Notes to the Consolidated Financial Statements

- 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.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

1.18.4 Bonus plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.19 Impairment of non-financial assets.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher on an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are compaired at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or Group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.20 Derivatives

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

1.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.22 Equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.23 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.24 Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit/ loss attributable to owners of the Group

- By the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

1.25 Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are entitles over which the group has control. The group controls an entity when the group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Associates

Associate is an entity over which the group has siginificant includence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in the associate is accounted for using the equity method of accounting (see equity method below), after initially being recognized at cost.

Joint arrangements

Under Ind AS 111 Joint arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligation of each investor, rather than the legal structure of the joint arrangement.

Joint operations : The Company recognizes its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint venture : Interest in joint venture is accounted for using equity method (see equity method below below), after initially being recognized at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounitng, the investment is initially recognized at cost and adjusted thereafter to recognize the group’s share of the post acquisition profits or losses of the investee in profit and loss, and the group’s share of other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from associate and joint venture is recognized as a reduction in the carrying amount of investment.

When the group’s share of losses in an equity - accounted investment equals or exceeds its interest in the entity, including any other long term receivables, the group does not recognise further losses, unless it has incurred obligations of made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates anhd joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described above.

1.26 Business combination

In case of business combinations involving entites under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

1.27 Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.1 The Consolidated financial statement represents consolidation of accounts of Mcnally Sayaji Engineering Limited (the Holding Company, also referred to as the Parent Company) and its following subsidiary.

Name of the Company : MBE Coal & Mineral Technology India Private Limited. (MCMTI)

Country of incorporation: India

Proportion of Ownership interest : 100%

2.2 Critical Estimates & Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions which are more likely to the materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. The areas involving critical estimates and judgements are:

(a) Estimation of current and deferred tax expense and payable/receivable.

(b) Estimation of defined benefit obligation.

(c) Expected credit loss on trade receivables.

(d) Estimated fair value, as applicable.

(e) Estimated useful life of assets.

(f) Estimation of provision for warranty.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Note 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	Deemed cost as at 1st April, 2015	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2016	As at 1st April, 2015	For the year	Sale/ Adjustment	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Lease hold Land	2,418	-	102	-	2,520	83	26	-	109	2,411	2,335
Free hold Land	251	38	-	-	289	-	-	-	-	289	251
Building	13,102	-	309	12	13,399	1,668	525	3	2,190	11,209	11,434
Plant and Machinery	8,560	56	37	-	8,653	4,336	832	-	5,168	3,485	4,224
Plant and Machinery - Windmill	764	-	-	-	764	500	51	-	551	213	264
Furniture and Fixture	343	-	3	-	346	157	38	-	195	151	186
Refrigerators and Air Conditioners	87	-	1	1	87	43	8	1	50	37	44
Office Equipments	282	3	1	4	282	280	6	4	282	-	2
Motor Vehicles	79	6	-	1	84	42	11	1	52	32	37
31 March 2016	**25,886**	**103**	**453**	**18**	**26,424**	**7,109**	**1,497**	**9**	**8,597**	**17,827**	**18,777**

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1st April, 2016	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2017	As at 1st April, 2016	For the year	Sale/ Adjustment	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Lease hold Land	2,520	-	(3)	-	2,517	109	28	-	137	2,380	2,411
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,399	-	(11)	-	13,388	2,190	565	-	2,755	10,633	11,209
Plant and Machinery	8,653	32	(1)	4	8,680	5,168	843	4	6,007	2,673	3,485
Plant and Machinery - Windmill	764	-	-	-	764	551	51	-	602	162	213
Furniture and Fixture	346	-	-	3	343	195	40	3	232	111	151
Refrigerators and Air Conditioners	87	-	-	-	87	50	8	-	58	29	37
Office Equipments	282	23	-	3	302	282	9	3	288	14	-
Motor Vehicles	84	21	-	26	79	52	9	17	44	35	32
31 March 2017	**26,424**	**76**	**(15)**	**36**	**26,449**	**8,597**	**1,553**	**27**	**10,123**	**16,326**	**17,827**

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

(a) Other Adjustments for Tangible assets include(Rs.15) (31.03.2016 Rs. 453; 01.04.2015 Rs 317) being adjustment relating to exchange difference.

(b) Pursuant to the Scheme of Arrangement between the Parent 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 (net written down value as at 31.03.2017 of Rs. 1067, 31.03.2016 Rs. 1434; 01.04.2015 Rs. 1808)comprised in erstwhile Product Division of MBECL.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16	1-Apr-15
Note 4 CAPITAL WORK-IN-PROGRESS			
Capital work-in-progress	17	32	84

	31-Mar-17	31-Mar-16	1-Apr-15
Note 5 INVESTMENT PROPERTIES			
Gross carrying amount			
Opening gross carrying amount / Deemed cost	408	408	408
Additions	-	-	-
Disposals / Adjustments	-	-	-
Closing gross carrying amount	**408**	**408**	**408**
Accumulated depreciation			
Opening accumulated depreciation	24	21	21
Depreciation charge	3	3	-
Adjustment on disposal	-	-	-
Closing accumulated depreciation	**27**	**24**	**21**
Net carrying amount	**381**	**384**	**387**

(i) Amounts recognised in profit or loss for investment properties

	31-Mar-17	31-Mar-16
Rental income	72	72
Direct operating expenses from property that generated rental income	5	5
Profit from investment properties before depreciation	67	67
Depreciation	3	3
Profit from investment properties	**64**	**64**

(ii) Leasing arrangements

Investment properties are leased to tenants under cancellable operating leases with rentals payable monthly.

(iii) Fair value

	31-Mar-17	31-Mar-16	1-Apr-15
Investment properties	1,523	1,265	1,165

Estimation of fair value

The fair valuation is based on current prices in active market for similar properties. The main inputs used are quantum, area, location, demand, restrictive entry and trend of fair market rent in area of property located.

The valuation is based on valuation performed by an accredited independent valuer. All resulting fair value estimates for investment properties are included in level 2.”

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Note 6 INTANGIBLE ASSETS

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
	Deemed cost as at 1st April, 2015	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2016	As at 1st April, 2015	For the year	Sale/ Adjustment	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Design and Drawings	2,250	-	-	-	2,250	2,001	75	-	2,076	174	249
Computer Software	331	2	2	-	335	319	14	-	333	2	12
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2016	**2,601**	**2**	**2**	**-**	**2,605**	**2,340**	**89**	**-**	**2,429**	**176**	**261**

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
	As at 1st April, 2016	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2017	As at 1st April, 2016	For the year	Sale/ Adjustment	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Design and Drawings	2,250	-	-	-	2,250	2,076	70	-	2,146	104	174
Computer Software	335	-	-	-	335	333	1	-	334	1	2
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2017	**2,605**	**-**	**-**	**-**	**2,605**	**2,429**	**71**	**-**	**2,500**	**105**	**176**

(a) Other Adjustments for Intangible assets include ₹ Nil (31.03.2016 ₹ 2; 01.04.2015 ₹ 1) being adjustment relating to exchange difference.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 7 NON-CURRENT INVESTMENTS			
Investment in equity instruments (fully paid-up)			
Unquoted			
Other investments			
Nil (31 March 2016 : 100, 1 April 2015 : 100) Equity Shares of ₹ 25/- each of Co Operative Bank of Baroda Ltd.	-	*	*
Total non-current investments			
Aggregate amount of unquoted investments	-	*	*
Aggregate amount of impairment in the value of investments	-	-	-

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

	31-Mar-17	31-Mar-16	1-Apr-15
Note 8 TRADE RECEIVABLES			
Trade receivables	16,988	22,069	22,553
Less: Allowance for doubtful debts	(4,212)	(4,646)	(5,170)
Total receivables	**12,776**	**17,423**	**17,383**
Current portion	10,423	14,996	15,291
Non-current portion	2,353	2,427	2,092

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Break-up of security details

	31-Mar-17	31-Mar-16	1-Apr-15
Secured, considered good	-	-	
Unsecured, considered good	15,096	20,384	20,739
Doubtful	1,892	1,685	1,813
Total	**16,988**	**22,069**	**22,552**
Allowance for doubtful debts	(4,212)	(4,646)	(5,170)
Total trade receivables	**12,776**	**17,423**	**17,382**

	31-Mar-17	31-Mar-16	1-Apr-15
Note 9 CASH AND CASH EQUIVALENTS			
Balances with banks			
- in current accounts	440	139	1,002
- in dividend accounts #	3	4	5
Deposits with maturity of less than three months	150	139	-
Cash on hand	11	7	19
Total cash and cash equivalents	**604**	**289**	**1,026**

Earmarked for payment of unpaid dividend only.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 10 OTHER BANK BALANCES			
Bank deposits with original maturity greater than three months and maturing within twelve months	522	472	81
Total other bank balances	**522**	**472**	**81**
Amount under lien		76	76

(All amounts in Rs lakhs,unless otherwise stated)

	31-Mar-17		31-Mar-16		31-Mar-15	
	Current	Non-current	Current	Non-current	Current	Non-current
Note 11 OTHER FINANCIAL ASSETS						
Unsecured, considered good, unless stated otherwise						
(i) Derivatives						
Foreign-exchange forward contracts	25	-	98	-	124	-
(ii) Others						
Recoverable from Holding Company (a)	-	-	2,125	-	-	-
Recoverable from Director	3	-	11	-	19	-
Deposit with Banks having maturity more than twelve months	-	12	-	-	-	133
Security deposits - considered good	13	128	13	130	10	140
Security deposits - considered doubtful	-	4	-	2	-	2
Less: Allowances for doubtful security deposits	-	(4)	-	(2)	-	(2)
Other receivable	81	261	155	-	146	-
Unbilled Revenue	168	393	-	456	-	362
Interest accrued on deposits with banks	2	-	3	-	-	-
Advances to related parties	110	-	110	-	-	-
	402	794	2,515	586	299	635
Total other financial assets	**402**	**794**	**2,515**	**586**	**299**	**635**

(a) Loan has been given to the holding company after complying with the provisions of Sec 186 of the Companies Act, 2013. It has been given for business purpose.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16	1-Apr-15
Note 12 INVENTORIES [Refer Note 1.9]			
Raw materials (includes in transit ₹ Nil; 31.03.2016 ₹ 44; 01.04.2015 ₹ 2)	2,519	2,416	2,198
Work-in-progress	11,077	11,330	10,292
Finished goods	63	44	66
Traded goods	641	682	758
Stores and spares	63	64	80
Total inventories	**14,363**	**14,536**	**13,394**

	31-Mar-17	31-Mar-16	1-Apr-15
Note 13 OTHER CURRENT ASSETS			
Unsecured, considered good, unless stated otherwise			
Balance with Government Authorities	823	551	665
Advance for goods and services	392	533	1,070
Gratuity receivable @	25	25	22
Others #	143	123	167
Others, considered doubtful	-	33	14
Less: Allowances for doubtful advances	-	(33)	(14)
Total other current assets	**1,383**	**1,232**	**1,924**

@ Gratuity Actuarial Valuation - Fair value of plan Asset is more than Present value of obligation.

includes primarily employee advance and prepaid expenses.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 14 CURRENT TAX ASSETS (NET)			
Opening balance	93	131	131
Add : Advance tax paid during year (including tax deducted at source)	105	-	-
Less : Refund received during the year		(38)	-
Total current tax assets	**198**	**93**	**131**

	31-Mar-17	31-Mar-16	1-Apr-15
Note 15 OTHER NON-CURRENT ASSETS			
Capital advance	5	5	5
Total other non-current assets	**5**	**5**	**5**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

The balance comprises temporary differences attributable to:

	31-Mar-17	31-Mar-16	1-Apr-15
Note 16 DEFERRED TAX ASSET			
Deferred tax asset on account of Unabsorbed Tax Depreciation/Loss	3,731	1,005	885
Items allowable for tax purpose on payment basis	157	99	78
Allowance for doubtful debts and doubtful advances	708	898	1,016
Others	531	425	435
Total deferred tax assets	**5,127**	**2,427**	**2,414**
Deferred tax liability on account of			
Property, plant and equipment, investment property and intangible assets	(1,230)	(1,543)	(1,482)
Others	(31)	(63)	(58)
Total deferred tax liabilities	**(1,261)**	**(1,606)**	**(1,540)**
Net deferred tax asset/(liability)	**3,866**	**821**	**874**

Significant estimates

The parent company has recognised deferred tax assets on carried forward tax losses. The parent company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The parent company is expected to generate taxable income from 2019-20 onwards.

Movements in deferred tax liabilities

Particulars	Unabsorbed Tax Depreciation / Loss	Items allowable for tax purpose on payment basis	Allowance for doubtful debts and doubtful advances	Property, plant and equipment, investment property and intangible assets	Others	Total
At 01 April 2015	**885**	**78**	**1,016**	**(1,482)**	**377**	**874**
Charged/(credited):						
- to profit or loss	120	27	(118)	(61)	(15)	(47)
- to other comprehensive income		(6)				(6)
At 31 March 2016	**1,005**	**99**	**898**	**(1,543)**	**362**	**821**
Charged/(credited):						
- to profit or loss	2,726	39	(190)	313	138	3,026
- to other comprehensive income		19				19
At 31 March 2017	**3,731**	**157**	**708**	**(1,230)**	**500**	**3,866**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17		31-Mar-16		31-Mar-15	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Note 17 EQUITY SHARE CAPITAL						
(i) Authorised						
Equity Shares of Rs.10/- each	5,00,00,000	5,000	5,00,00,000	5,000	5,00,00,000	5,000
Preference Shares of Rs. 10/- each	40,00,000	400	-	-	-	-

	31-Mar-17		31-Mar-16		31-Mar-15	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
(ii) Issued, Subscribed and Paid up						
Equity Shares						
Equity Shares of Rs.10/- each	89,89,273	899	89,89,273	899	89,89,273	899
34,55,529 Equity Shares of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement for consideration other than cash						
		899		**899**		**899**
Preference Shares						
Compulsurily Convertible Preference Shares of Rs. 10/- each	36,00,000	360	-	-	-	-
(issued for consideration other than cash)						
		360		**-**		**-**

	31-Mar-17	31-Mar-16	31-Mar-15
	Number of shares	Number of shares	Number of shares
(iii) Equity Shares are held by the holding company	67,29,698	67,29,698	67,29,698

	31-Mar-17		31-Mar-16		31-Mar-15	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
(iv) Reconciliation of shares						
Equity Shares						
Shares outstanding at the beginning of the year	89,89,273	899	89,89,273	899	89,89,273	899
Shares outstanding at the end of the year	89,89,273	899	89,89,273	899	89,89,273	899
Preference Shares						
Shares outstanding at the beginning of the year	-	-	-	-	-	-
Issued during the year	36,00,000	360	-	-	-	-
Shares outstanding at the end of the year	**36,00,000**	**360**	**-**	**-**	**-**	**-**

(v) Terms/rights attached to equity shares

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

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

(vi) Terms/rights attached to preference shares

1% Compulsorily Convertible Preference Shares (CCPS) having par value of Rs 10/- each have been allotted on 31 March 2017, as fully paid-up pursuant to a contract without payments being received in cash. These shares will carry cumulative dividend of 1% p.a. and would be converted into equity shares within 18 months of issue date.

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

	31-Mar-17		31-Mar-16		31-Mar-15	
	Number of shares held	% of Holding	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	67,29,698	74.86	67,29,698	74.86	67,29,698	74.86
EIG (Mauritius) Limited	13,40,000	14.91	13,40,000	14.91	13,40,000	14.91

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

	Number of shares		Number of shares		Number of shares	
	Number of shares held	% of Holding	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	36,00,000	100%	-	-	-	-

(ix) 3,600,000, 1% Compulsorily Convertible Preference Shares (CCPS) having par value of ₹ 10/- each were on issued to McNally Bharat Engineering Company Limited on 31.03.2017 at security premium of ₹ 65/- per share. The total consideration of ₹ 2,700 against issue of the said CCPS was adjusted against the payable is earlier years as disclosed in note 20.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 18 RESERVES AND SURPLUS			
Capital reserve	6,663	6,663	6,663
Securities premium reserve	5,712	3,372	3,372
General reserve	1,520	1,520	1,520
Retained earnings	(1,146)	(1,759)	668
Total reserves and surplus	**12,749**	**9,796**	**12,223**

(i) Capital reserve

	31-Mar-17	31-Mar-16
Opening balance	6,663	6,663
Add / less : Movement during the year	-	-
Closing balance	**6,663**	**6,663**

(ii) Securities premium reserve

	31-Mar-17	31-Mar-16
Opening balance	3,372	3,372
Add / less : Movement during the year [Refer note 17 (ix)]	2,340	-
Closing balance	**5,712**	**3,372**

(iii) General reserve

	31-Mar-17	31-Mar-16
Opening balance	1,520	1,520
Appropriations during the year	-	-
Closing balance	**1,520**	**1,520**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

(iv) Retained earnings

	31-Mar-17	31-Mar-16
Opening balance	(1,759)	668
Net profit / (loss) for the period	656	(2,439)
Items of other comprehensive income recognised directly in retained earnings		-
- Remeasurements of post-employment benefit obligation, net of tax	(43)	12
Closing balance	**(1,146)**	**(1,759)**

Nature & Purpose of Other Reserves

a) Capital Reserve

Represents the amount transferred from the transferor company pursuant to Scheme of Amalgamation.

b) Securities Premium Reserve

Secutires Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act

c) General Reserve

General Reserve is created and utilised in compliance with the provisions of the Act.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 19 NON-CURRENT BORROWINGS			
Secured Loans			
Term Loans			
From Banks	7,239	10,577	7,974
From Others	11	1	3
Total non-current borrowings	7,250	10,578	7,977
Less: Current maturities of long-term debt (included in note 20)	3,558	4,550	4,224
Non-current borrowings	**3,692**	**6,028**	**3,753**

Nature of Security,terms of repayment and rate of interest for Secured Borrowings

Nature of Security

i. Year end term loan balance from ICICI Bank Ltd. of Rs NIl (31.03.2016: Rs. 530; 01.04.2015 Rs. 1,502) is secured by first pari passu charge over the immoveable and moveable fixed assets of the Parent Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.

ii. Year end term loan balance from ICICI Bank Ltd. of Rs 849 (31.03.2016 Rs. 3,316; 01.04.2015 Rs. 3,912) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Parent Company (excluding Kumardhubi plant - Unit 1) both present and future.

iii. Year end term loan balance from DBS Bank Ltd. of Rs 1,568 (31.03.2016 Rs. 1,836 ; 01.04.2015 Rs. 2,600) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Parent Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.

iv. Year end term loan balance from ICICI Bank Ltd. of Rs 5,000 (31.03.2016Rs. 5,000 ; 01.04.2015 Rs. Nil) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Parent Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.

v. Year end balance of Car Loan (term) from Kotak Mahindra Prime Limited Rs. Nil (31.03.2016 Rs. 1 ; 01.04.2015 Rs. 3) to be secured by hypothecation of motor vehicles acquired out of the loan.

vi. Year end balance of Car Loan (term) from ICICI Bank Ltd Rs. 11 (31.03.2016 Rs. Nil; 01.04.2015 Rs. Nil) to be secured by hypothecation of motor vehicles acquired out of the loan.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Terms of Repayment and Rate of Interest

Loan is repayable / reapid 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.

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.

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.

Loan is repayable in 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.

Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 11.35% p.a.

Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% p.a.

B. The repayment of over due term loan of Rs 1197 from DBS bank along with interest thereon of Rs 40 are to be made from a fresh term loan sanctioned (under renewal) by the said bank. The said loan shall be disbursed after compliance of the required documentation in due course.

	31-Mar-17	31-Mar-16	1-Apr-15
Note 20 CURRENT BORROWINGS			
Secured Loans from Banks			
Loans Repayable on demand #	12,557	13,024	11,201
Unsecured Loans			
From Banks	981	1,250	3,559
Inter - corporate deposit	266	413	738
	1,247	**1,663**	**4,297**
Total current borrowings	**13,804**	**14,687**	**15,498**

Nature of Security on Secured Loans availed from Banks

Cash Credit facilities and Working Capital Demand Loans of Rs. 10468 lakhs (31.03.2016 Rs. 10925) are secured by first pari passu charge on entire current assets of the Parent 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.

Loans repayable on demand of Rs. 10468 lakhs (31.03.2016 Rs. 10925) are secured by :

a. State Bank of India : Secured by way of Fixed Deposit pledged with State Bank of India.

b. ICICI Bank Limited : Secured by first charge by way of hypothecation of subsidiary's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of the subsidary.

c. Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited) : Secured by first charge by way of hypothecation of subsidiary's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any.

d. Secured by Corporate Guarantee of McNally Bharat Engineering Limited (MBEL) in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited).

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16	1-Apr-15
Note 21 OTHER FINANCIAL LIABILITIES			
Non Current			
Derivatives Instrument	*	11	34
Total Non Current	*****	**11**	**34**
Current			
Current maturities of long-term debt	3,558	4,550	4,224
Interest accrued but not due on Borrowings	58	71	103
Interest accrued and due on Borrowings	362	176	5
Temporary overdraft	8	1,084	-
Employee benefits payable	467	488	434
Capital creditors	47	47	76
Unpaid Dividends	3	4	5
Payable against purchase of share #	-	2,700	2,700
Derivatives Instrument	-	7	2
Liability for Other Expenses $	1,642	2,064	1,056
Total Current	**6,145**	**11,191**	**8,605**
Total other financial liabilities	**6,145**	**11,202**	**8,639**

$ includes primarily Creditors for other expenses, corporate guarantee liability and deposit received from suppliers.

Payable against purchase of shares of MBE Coal & Mineral Technologies India Private Limited

* rounding off norms adopted by the Group

	31-Mar-17	31-Mar-16	1-Apr-15
Note 22 TRADE PAYABLES			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises (Refer Note 42)	92	204	60
Total outstanding dues of creditors other than micro enterprises and small enterprises	9,694	9,198	9,804
Total trade payables	**9,786**	**9,402**	**9,864**
Current portion	9,733	9,367	9,843
Non-current portion	53	35	21

	31-Mar-17	31-Mar-16	1-Apr-15
Note 23 PROVISIONS			
Warranty	152	161	178
Liquidated damages	50	229	229
Anticipated loss on contracts	95	84	82
Total	**297**	**474**	**489**
Current portion	202	390	406
Non-current portion	95	84	83

(i) Information about individual provisions and significant estimates

Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Liquidated damages

The Group has as a matter of abundant caution recorded an accrual for liquidated damages in respect of contracts where there has been a default in providing services on time to customers in terms of deliverables as agreed to in the contracts.

Anticipated loss on contracts

A provision for anticipated loss is recognised where it is probable that the estimated contract costs are likely to exceed the total contract revenue.

The Group offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31 March 2017, this particular provision had a carrying amount of Rs 152 lakhs (31.03.2016 Rs 161 lakhs; 01.04.2015 Rs 178 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 15 lakhs higher or lower (31.03.2016 Rs 16 lakhs higher or lower; 01.04.2015 Rs 18 lakhs higher or lower).

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

	Warranty	Liquidated damages	Anticipated loss on contracts
	31-Mar-17	**31-Mar-17**	**31-Mar-17**
Balance as at the beginning of the year	161	229	85
Additions	25	-	-
Unwinding of Discount	-	-	14
Amount used			(4)
Amount Reversed	(34)	(179)	-
Balance as at the end of the year	152	50	95

(All amounts in Rs lakhs,unless otherwise stated)

	31-Mar-17			31-Mar-16			1 April-15		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Note 24 EMPLOYEE BENEFIT OBLIGATIONS									
Employee benefit obligations	314	213	527	256	200	456	243	196	439
Total employee benefit obligations	**314**	**213**	**527**	**256**	**200**	**456**	**243**	**196**	**439**

(i) Post-employment obligations

a) **Gratuity :** In keeping with the Group'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 1.18 for accounting policy related to gratuity. The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) :

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2015	**837**	**(657)**	**180**
Current service cost	41	-	41
Interest expense/(income)	67	(53)	14
Total amount recognised in profit or loss	**108**	**(53)**	**55**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	4	4
(Gain)/loss from change in financial assumptions	16	-	16
Experience (gains)/losses	(38)	-	(38)
Total amount recognised in other comprehensive income	**(22)**	**4**	**(18)**
Employer contributions/premiums paid	-	(22)	(22)
Benefit payments	(160)	160	-
31-Mar-16	**763**	**(568)**	**195**

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2016	**763**	**(568)**	**195**
Current service cost	41	-	41
Interest expense/(income)	60	(43)	17
Total amount recognised in profit or loss	**101**	**(43)**	**58**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1)	(1)
(Gain)/loss from change in financial assumptions	18	-	18
Experience (gains)/losses	43	-	43
Total amount recognised in other comprehensive income	**61**	**(1)**	**60**
Employer contributions/premiums paid	-	(54)	(54)
Benefit payments	(146)	146	-
31-Mar-17	**779**	**(520)**	**259**

The net liability disclosed above relates to funded and unfunded plans are as follows:

	31-Mar-17	31-Mar-16	1 April'15
Present value of funded obligations	779	763	837
Fair value of plan assets	(520)	(568)	(657)
Deficit of funded plans	259	195	180

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

Principal Acturial assumptions used:

	31-Mar-17	31-Mar-16	1 April'15
Discount rate	8%	8%	8%
Salary escalation rate	4% - 6%	4% - 6%	4% - 5%
Withdrawl rate	1% to 8%	1% to 8%	1% to 8%

Mortality rate : In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

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.

The contribution expected to be made by the Group for the year ended March 31, 2018 is not readily ascertainable.

Expected Payout

The weighted average duration for 2016 -17 of the defined benefit obligation is 20.68 years (March 31, 2016 : 20.32 years, April 1, 2015 : 19.63 years)The expected maturity analysis of undiscounted gratuity is as follows :

	31-Mar-17	31-Mar-16
Less than a year	34	208
Between 1 to 2 years	178	53
Between 2 to 5 years	355	197
More than 5 Years	336	304
Total	**903**	**762**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	31-Mar-17	31-Mar-16
Sensitivity Analysis		
Increase in discount rate by 0.5% - 1%	743	727
Decrease in discount rate by 0.5% - 1%	817	800
Increase in salary escalation by 0.5% - 1%	818	800
Decrease in salary escalation by 0.5% - 1%	742	726
Increase in Withdrawl rate by 0.5% - 1%	784	770
Decrease in Withdrawl rate by 0.5% - 1%	772	755

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Risk exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk : The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk : A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy : The obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan's liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Salary growth risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

b) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Group 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 Group 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

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

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 that 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 Group.

In terms of the Guidance 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 Group are treated as defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the balance sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Group as at the Balance Sheet date. Further during the year, the Group's contribution of Rs. 94 lakhs (2015-16 Rs. 119 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 used:

	31-Mar-17	31-Mar-16	1 April'15
Discount rate	7.70%	8.00%	9.16%
Expected Return on Exempted Fund	8.65%	8.80%	8.78%

(ii) Post Employment Defined Contribution Plan

During the year, an amount of Rs. 73 lakhs (2015-16 Rs. 89 lakhs) has been recognised as expenditure towards defined contribution provident fund of the group.

	31-Mar-17	31-Mar-16	1 April'15
Note 25 OTHER CURRENT LIABILITIES			
Advance received from customers	2,936	2,893	2,909
Dues payable to government authorities	547	554	548
Total other current liabilities	3,483	3,447	3,457
Current portion	3,133	3,112	3,224
Non-current portion	350	335	233

	31-Mar-17	31-Mar-16
Note 26 REVENUE FROM OPERATIONS		
Sale of products (including excise duty)	26,573	25,061
Sale of services	1,281	778
Contract Revenue	2,167	39
Other operating revenue	1,170	1,177
Total revenue from continuing operations	**31,191**	**27,055**

	31-Mar-17	31-Mar-16
Note 27 OTHER INCOME		
Rental income	74	73
Interest income from financial assets at amortised cost	637	1,146
Net gain on sale of tangible assets (net)	-	63
Provision no longer required written back	798	735
Liability no longer required written back	132	65
Net foreign exchange losses	98	104
Other items	88	140
Total other income	**1,827**	**2,326**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16
Note 28 COST OF MATERIALS CONSUMED		
Raw materials at the beginning of the year	2,416	2,198
Add: Purchases	11,066	11,629
Less: Raw material at the end of the year	2,519	2,416
Total cost of materials consumed	**10,963**	**11,411**

	31-Mar-17	31-Mar-16
Note 29 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE		
Opening balance		
Work-in progress	11,330	10,292
Finished goods	44	66
Total opening balance	**11,374**	**10,358**
Closing balance		
Work-in progress	11,077	11,330
Finished goods	63	44
Total closing balance	**11,140**	**11,374**
Total changes in inventories of work-in-progress, stock-in-trade and finished goods	**234**	**(1,016)**

	31-Mar-17	31-Mar-16
Note 30 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	3,428	3,507
Contribution to provident fund	232	256
Staff welfare expenses	179	172
Total employee benefit expense	**3,839**	**3,935**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16
Note 31 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	1,553	1,497
Depreciation on investment properties	3	3
Amortisation of intangible assets	71	89
Total depreciation and amortisation expense	**1,627**	**1,589**

	31-Mar-17	31-Mar-16
Note 32 OTHER EXPENSES		
Consumption of stores and spares	2,335	2,293
Fabrication and other charges	2,721	1,960
Power	308	386
Repairs and maintenance		
Buildings	22	15
Plant and machinery	73	61
Others	72	89
Professional fees	431	449
Rental charges	72	79
Subscriptions and donations	2	3
Bank charges	30	32
Rates and taxes	67	101
Insurance	92	85
Freight	320	431
Travel and conveyance	479	473
Royalty	34	16
Commission expenses	145	51
Bad debts written off	1	11
Allowance for doubtful debts — trade receivables / other assets	399	236
Provision for warranty	25	65
Net loss on sale of tangible assets (net)	2	-
Miscellaneous expenses	752	911
Total other expenses	**8,382**	**7,747**

	31-Mar-17	31-Mar-16
Note 32 (a) DETAILS OF PAYMENTS TO AUDITORS		
Payment to auditors		
Audit fee	33	33
Other services	9	9
Total payments to auditors	**42**	**42**

As the average net profit for last three years as per Section 135 of the Companies Act, 2013 is Rs Nil, hence the Group has not incurred any expenditure on account of corporate social responsibility

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16
Note 33 FINANCE COSTS		
Interest and finance charges on financial liabilities at amortised cost	4,072	3,606
Other borrowing cost	49	40
Finance costs expensed in profit or loss	**4,121**	**3,646**

Note 34 INCOME TAX EXPENSE

This note provides an analysis of the group's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax positions.

(a) Income tax expense		
Current tax		
Current tax on profits	-	34
Total current tax expense	**-**	**34**
Deferred tax		
Decrease (increase) in deferred tax assets	(2,699)	(131)
(Decrease) increase in deferred tax liabilities	(346)	183
Total deferred tax expense/(benefit)	**(3,045)**	**52**
Income tax expense	**(3,045)**	**86**
(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:		
Profit from continuing operations before income tax expense	**(2,354)**	**(1,569)**
Other comprehensive income	**(62)**	**17**
	(2,416)	**(1,552)**
Tax at the applicable Indian tax rate	**-**	**-**
Income tax charge on profit of a subsidary	**52**	**74**
Add : Deferred Tax Asset created for Unabsorbed business loss	**(2,726)**	**(120)**
Add / (Less) : Adjustment for temporary differences	**-**	**-**
Disallowances on items for tax purpose on payment basis	**(57)**	**(21)**
Disallowance for doubtful debts and doubtful advances	**104**	**119**
Change in carrying value of assets under Income tax and books	**(315)**	**56**
Others	**(103)**	**(22)**
Income tax expense	**(3,045)**	**86**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16
Note 35 CONTINGENT LIABILITIES		
(a) Claims against the Group not acknowledged as debts : -		
Excise Duty matters under dispute	238	141
Sales Tax and Value Added Tax matters under dispute	3,478	3,323
Demand for Income Tax	81	111
Other demands related to claims made by certain ex-employees towards employee benefits due to them	137	272
	3,934	3,847
(b) Others		
Bills discounted with banks against letter of credit	94	31
Corporate Guarantee to banks on behalf of holding company	5,950	6,200
	6,044	**6,231**
	9,978	**10,078**

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

	31-Mar-17			31-Mar-16			1 April-15		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Note 36 FAIR VALUE MEASUREMENTS									
Financial instruments by category									
Financial Assets									
Trade Receivables	-	-	12,776	-	-	17,423	-	-	17,383
Cash and Cash Equivalents	-	-	604	-	-	289	-	-	1,026
Other bank balances	-	-	522	-	-	472	-	-	81
Derivative financial asset	25	-	-	98	-	-	124	-	-
Other financial assets	-	-	1,171	-	-	3,003	-	-	934
Total Financial Assets	**25**	**-**	**15,073**	**98**	**-**	**21,187**	**124**	**-**	**19,424**
Financial Liabilities									
Borrowings	-	-	17,496	-	-	20,715	-	-	19,251
Trade payables	-	-	9,786	-	-	9,402	-	-	9,864
Derivative financial liabilities	-	-	-	7	-	-	2	-	-
Other financial liabilities	-	-	6,145	-	-	11,184	-	-	8,639
Total Financial Liabilities	**-**	**-**	**33,427**	**7**	**-**	**41,301**	**2**	**-**	**37,754**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value (b) measured at amortised cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31 March 2017

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	11	-	25	-	25
Total Financial Assets		-	25	-	25

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2017

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled revenue	11	-	-	562	562
Total Financial Assets		**-**	**-**	**562**	**562**
Financial Liabilities					
Retention money payable	21	-	-	54	54
Total Financial Liabilities		**-**	**-**	**54**	**54**

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31 March 2016

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	11		98		98
Total Financial Assets		**-**	**98**	**-**	**98**
Financial Liabilities					
Financial investment at FVPL					
Derivative financial liabilities	21		7		7
Total Financial Liabilities		**-**	**7**	**-**	**7**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2016

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled revenue	11	-	-	456	456
Total Financial Assets		**-**	**-**	**456**	**456**
Financial Liabilities					
Retention money payable	21	-	-	24	24
Total Financial Liabilities		**-**	**-**	**24**	**24**

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31 March 2015

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	11		124		124
Total Financial Assets		**-**	**124**	**-**	**124**
Financial Liabilities					
Financial investment at FVPL					
Derivative financial liabilities	21		2		2
Total Financial Liabilities		**-**	**2**	**-**	**2**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2016

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled revenue	11	-	-	362	362
Total Financial Assets		**-**	**-**	**362**	**362**
Financial Liabilities					
Retention money payable	21	0	0	34	34
Total Financial Liabilities		**-**	**-**	**34**	**34**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1: Quoted (unadjusted) prices in active market for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observabke market data.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

The carrying amount of financial assets and financial liabilities carried at amortised cost are considered to be the same as their fair value, due to their short term nature.

(iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31-Mar-17		31-Mar-16		01-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Unbilled revenue	562	569	456	466	362	362
Total financial assets	**562**	**569**	**456**	**466**	**362**	**362**
Financial liabilities						
Retention money payable	54	54	24	25	34	34
Total financial liabilities	**54**	**54**	**24**	**25**	**34**	**34**

The carrying amounts of trade receivables, security deposits, cash and cash equivalents, other bank balances, advances to related parties, other receivables, borrowings and trade payables are considered to be the same as their fair values.

The fair values for financial instruments were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Note 37 FINANCIAL RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the group, derivative financial instruments, such as foreign exchange forward contracts and interest rate swaps to hedge variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(A) Credit Risk

Credit risk arises from cash and cash equivalents, investments and other financial assets carried at amortised cost and deposits with bank and financial institutions, as well as credit exposures to outstanding receivables.

(i) Credit Risk Management

The group assigns the following credit ratings to each class of financial assets based on assumptions, inputs and factors specific to the class of financial assets.

VL1: High-quality assets, negligible credit risk ; VL2: Quality assets, low credit risk ; VL3: Standard assets, moderate credit risk ; VL4: Substandard assets, relatively high credit risk ; VL5: Low quality assets, very high credit risk ; VL6: Doubtful assets, credit impaired

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating

- external credit rating

- actual or expected significant changes in the operating results of the payor

- significant increase in credit risk on other financial instruments of the same payor

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

- significant changes in the expected performance and behavior of the payor, including changes in the operating results of the payor

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

Financial assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the group or where payor/borrower does not have financial capability to repay its debts. Where loans or receivables have been written off, the group continues to engage in enforcement activities to attempt to recover the receivable due.

(ii) Provision for expected credit losses

The Group provides for expected credit loss of trade receivables and other financial assets based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Wherever required, past trend is adjusted to reflect the effects of the current conditions and forecasts of future conditions that did not affect the period on which the historical data is based, and to remove to effects of the conditions in the historical period that are not relevant to the future contractual cash flows.

(a) Expected credit loss for other financial assets

Particulars		Assetgroup	Internal credit rating	Estimated gross carrying amount at default			Expected probability of default			Expected credit losses			Carrying amount net of impairment provision		
				Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Other financial assets	VL1	1,171	3,003	934	-	-	-	-	-	-	1,171	3,003	934

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

(b) Expected credit loss for trade receivables under simplified approach

Particulars (Internal credit rating - VL 3)	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Due for less than six months	Due for more than six months	Due for less than six months	Due for more than six months	Due for less than six months	Due for more than six months
Gross carrying amount	8,380	7,374	11,275	10,151	14,144	7,672
Expected credit losses (loss allowance provision)	781	2,097	1,028	2,561	1,266	3,061
Carrying amount of trade receivables	7,599	5,277	10,247	7,590	12,878	4,611

(iii) Reconciliation of loss allowance provision-Trade Receivables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loss allowance on at opening balance sheet date	3,589	4,327	4,327
Changes in loss allowance	(711)	(738)	-
Loss allowance on at closing balance sheet date	2,878	3,589	4,327

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligation s when due and to close out market positions. Due to dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based in their contractual maturities for:

(i) all non-derivative financial liabilities; and (ii) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	Less than 12 months			More than 12 months			Total		
	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15	Mar-17	Mar-16	Apr-15
Derivative financial liabilities	-	7	2	-	-	-	-	7	2
Borrowings	13,804	14,687	15,498	3,692	6,028	3,753	17,496	20,715	19,251
Trade payables	9,707	9,300	9,813	79	102	51	9,786	9,402	9,864
Other financial liabilities	6,144	10,036	5,899	-	1,141	-	6,144	11,177	5,899
Total Liability	**29,655**	**34,030**	**31,212**	**3,771**	**7,271**	**3,804**	**33,426**	**41,301**	**35,016**

(C) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions. primarily with respect to the US$ and EURO. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the group's functional currency (Rs). The risk is measured through the expected foreign currency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than Rs. The objective of the hedging is to minimize the volatility of the Rs cash flows of such recognised assets and liabilities.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

(a) Foreign currency risk exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follows:

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	USD	EURO	USD	EURO	USD	EURO
Financial Assets						
Trade Receivables	1	1	-	-	2	-
Derivative financial assets	25	-	98	-	124	-
	26	**1**	**98**	**-**	**126**	**-**
Financial Liability						
Foreign currency loan	13	-	58	-	87	-
Trade Payable	0	2	1	4	1	3
Derivative financial liability	-	-	7	-	2	-
	13	**2**	**66**	**4**	**90**	**3**

(b) Sensivity:

Impact on profit

	As at 31 March 2017		As at 31 March 2016	
	USD	EURO	USD	EURO
Increase by 5% (31 March 2016-5%)*	(37)	(3)	(191)	(14)
Decrease by 5% (31 March 2016-5%)*	37	3	191	14

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the group to cash flow interest rate risk. During 31 March 2017 and 31 March 2016, the group's borrowings at variable rate were mainly denominated in INR and USD.

The group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 109, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Group's borrowings to interest rate changes at end of reporting period are as follows:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Variable rate borrowings	20,552	24,572	22,737
Fixed rate borrowings	502	693	738

The Group has entered in Interest rate swap for certain loan to monitor foreign currency interest exposure

(b) Sensivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	As at 31 March 2017	As at 31 March 2016
Increase in interest rates by 50 basis points (50 bps) *	(94)	(100)
Decrease in interest rates by 50 basis points (50 bps) *	94	100

* Holding all other variables constant

Note 38 CAPITAL MANAGEMENT

Risk Management

The Group aims to manage its capital efficiency so as to safeguard its ability to continue as going concern and to optimise returns to the shareholders.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

The Group's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the group. The Group determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity, borrowings and operating cash flows as required. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell asssets to reduce debt.

Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with certain financial covenants, of which all have not been complied with as at balance sheet date. However, the banks have not withdrawn the facilities.

Note 39 ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31-Mar-17	31-Mar-16	1 April'15
Current			
Financial Assets			
Trade Receivables	12,776	17,423	17,383
Cash and Cash Equivalents	587	310	522
Other financial assets	442	2,624	143
Non-financial Assets			
Inventories	14,363	14,536	13,394
Other current assets	1,112	886	1,644
Total Current assets	**29,280**	**35,779**	**33,086**
Non-current			
Property, Plant and Equipments	15,249	16,384	16,921
Capital work-in-progress	-	15	35
Investment properties	381	384	387
Other intangible assets	104	174	258
Total Non-current assets	**15,734**	**16,957**	**17,601**
Total Assets pledged as security	**45,014**	**52,736**	**50,687**

	31-Mar-17	31-Mar-16
Note 40 EARNINGS PER SHARE		
Basic Earning per share		
Net profit after tax	656	(2,439)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	89,89,273	89,89,273
Basic Earning per share (in Rs.)	**7.30**	**(27.13)**
Diluted Earning per share		
Net profit after tax	656	(2,439)
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	89,99,136	89,89,273
Diluted Earning per share (in Rs.)	**7.29**	**(27.13)**
Weighted average number of shares used as the denominator		
Weighted average number of equity share at the beginning of the year	89,89,273	89,89,273
Compulsorily Convertible Preference shares issued on 31 March 2017	36,00,000	-
Weighted average number of equity share at the beginning of the year	89,99,136	89,89,273

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	31-Mar-17	31-Mar-16	1 April'15
Note 41 COMMITMENTS			
(a) Capital Commitments			
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:	40	40	41

(b) Cancellable operating leases

The Company has leasing arrangements in respect of operating leases for premises (residential, office, etc.). These leasing arrangements which are cancellable are for a period of 3 years, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of Rs. 60 (31.03.2016 : Rs. 54) paid/ payable are charged as Rent under Other Expenses.

Particulars	31-Mar-17	31-Mar-16
Note 42 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	92	204
Interest	24	17
(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	80	-
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	32	54
Interest	10	9
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs.7 lakhs (31.03.2016 Rs. 7 lakhs) being interest outstanding as at the beginning of the accounting year]	50	37
(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	25	22

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 Group.

Note 43

Revenue Expenditure on Research and Development of Rs 49 lakhs (31.03.2016 Rs. 54 lakhs)

Note 44

The Group is primarily engaged in a single business segment, viz. “manufacturing and designing of engineering products” and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decison maker as defined under Note 1, the Group's operation comprises of only one reporting segment . Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on “Segment Reporting”.

Disclosure required under Ind AS 108

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	31-Mar-17	31-Mar-16
Revenue from Customers		
- India	31,092	26,722
- Outside India	99	333
Non-current assets		
- India	16,812	18,387
- Outside India	-	-

Revenue for the year from couple of external customer is approximately 19% (2015-16 : 25%)

Note 45 RELATED PARTY TRANSACTIONS

a) Where control exists

i) Holding Company

McNally Bharat Engineering Company Limited (MBECL)

b) Others

i) Fellow subsidiaries

McNally Bharat Equipments Limited #
McNally Bharat Infrastructure Limited (MBIL)
MBE Mineral Technologies Pte Limited #
MBE Minerals Zambia Ltd #
McNally Bharat Engineering (SA) Proprietary Ltd. #
Vedica Sanjeevani Projects Private Limited #

ii) Entities having significant influence over the Holding Company

EMC Limited #

Williamson Magor & Company Limited #

iii) Associate of fellow subsidiary

MBE Coal & Minerals Technology Gmbh (MCMT)

iv) Post employment benefit plan of the Company

McNally Bharat Executive Staff Gratuity Fund (MBESGF)

McNally Bharat Employees Provident Fund (MBEPF)

v) Key management personnel

- Mr. Subir Chaki – Whole time Director
- Mr. Uttam Tekriwal – Chief Financial Officer
- Mr. Heath Brian Zarin – Non-Executive Director
- Mr. Padam Kumar Khaitan – Non-Executive Director
- Mr. Brij Bhusan – Non-Executive Director
- Mrs. Tehnaz Punwani – Non-Executive Director

vi) Key management personnel of Holding Company

- Mr. Srinivash Singh – Managing Director
- Mr. Prabir Kumar Ghosh – Whole Time Director
- Mr. Prashanta Kumar Chandra – Whole Time Director & COO

No transactions during the year.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-17	31-Mar-16
(c) Transactions with related parties:		
Sale of Products and Services - MBECL	4,906	3,050
Sale of Products and Services - MCMT	3	1
Sale of Products and Services - MBIL	390	-
Services Rendered - MCMT	46	4
Purchase of goods and services - MCMT	2	161
Services Received - MCMT	7	10
Corporate Guarantee given - MBECL	5,950	6,200
Rental Income - MBECL	72	72
Other Income - MBECL	575	1,116
Expenses reimbursed - MBECL	583	10
Expenses reimbursed - MCMT	-	23
Reimbursement availed - MCMT	1	18
Rental and Other Charges - MBECL	70	44
Advance given - MCMTI	-	32
Loan given - MBECL	2	4,261
Loan recovered - MBECL	2,128	1,975
Purchase of shares - MBECL	46	2,704
Issue of Preferential Shares - MBECL	2,707	10
Remuneration paid to key management personnel	142	164
Contribution to Fund - MBESGF	99	71
Contribution to Fund - MBEPF	117	110

(d) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31-Mar-17	31-Mar-16
Trade and Other Receivables		
MBECL	1,367	4,664
MBIL	390	-
MCMTGH	50	24
Trade Payables		
MBECL	705	116
MCMTGH	31	191
Short Term Loans and Advances		
MBECL	-	2,125
Other Current Liabilities		
MBECL	-	2,700
Outstanding Compulsorily Convertibe Preference Shares		
MBECL	2,700	-
Outstanding Corporate Guarantee Given		
MBECL	5,950	6,200
Outstanding Corporate Guarantee Received		
MBECL	6,496	7,366
Key management personnel		
Advance Outstanding	3	11
Payables	20	21

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Notes :

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the respective company as a whole hence the employee benefit cost as per Ind AS 19 for key managerial personnel is not available . The amount disclosed reflects the total cost to the Holding Company for the key managerial personnel and includes current service cost for key managerial personal calculated as per Ind AS 19 through acturial valuation for 2016-17 amounting to Rs 5 lakhs (2015-16 : Rs 5 lakhs).

(b) Transactions with related parties mentioned above are as per terms and contracts approved by the board of respective companies. All transactions disclosed above were made on normal commercial terms and condtions and wherever applicable linked with market rates .

(c) All outstanding balances are unsecured and repaybale / receivable in cash.

Note 46 FIRST-TIME ADOPTION OF IND AS

Transitions to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and Exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.3 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Asset.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.4 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

A.1.5 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/ arrangements.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

i Investment in equity instruments carried at FVOCI;

ii Impairment of financial assets based on expected credit loss model.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing on the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets on the basis of the fact and circumstances that exits at the date of transition to Ind AS. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods.

The following tables represent the reconciliations from previous GAAP to Ind AS.

B.1 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

	Notes to first-time adoption	March 31, 2016
		#
Total equity (shareholder's funds) as per previous GAAP		14,885
Adjustments:		
Add / (Less) :		
Expected credit loss allowance for debtors	46(C)(2)	(2,557)
Recognition of financial instrument at fair value	46(C)(3)	90
Borrowings - transaction cost adjustment	46(C)(4)	105
Fair valuation of corporate guarantee	46(C)(14)	(124)
Deferrment of revenue recognition	46(C)(6)	(1,041)
Interest income on unwinding of deferrment of revenue recognition	46(C)(6)	108
Due from customers adjustment	46(C)(11)	(291)
Retention money payable	46(C)(12)	7
Provision for anticipated loss allowances	46(C)(13)	66
Deferred tax impact on the above		757
Adjustment of goodwill recognised under IGAAP on consolidation	46(C)(15)	(1,310)
Total Adjustments		**(4,190)**
Total Equity as per Ind AS		**10,695**

Reconciliation for year ended March 31, 2016 consists of cumulative impact on transition date and transactions during the year ended 2015-16.

The Group prepared its first consolidated financial statement under previous GAA as on 31st March, 2016 and consequently no reconciliation between equity as per previous GAAP and Ind AS is presented as on transition date i.e. 1st April, 2016.

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

B.2 Reconciliation of total comprehensive income for the year ended 31 March 2016

	Notes to first-time adoption	March 31, 2016
Profit after tax as per previous GAAP		(2,616)
Adjustments:		
Provision for expected credit losses on trade receivables reversed	46(C)(2)	310
Recognition of financial instrument at fair value	46(C)(3)	(31)
Borrowings - transaction cost adjustment	46(C)(4)	65
Fair valuation of corporate guarantee	46(C)(14)	(124)
Deferrment of revenue recognition	46(C)(6)	(92)
Interest income on unwinding of deferrment of revenue recognition	46(C)(6)	108
Due from customers adjustment	46(C)(11)	33
Retention money payable	46(C)(12)	(1)
Provision for anticipated loss allowances	46(C)(13)	(21)
Deferred Tax reversal under Ind AS		(58)
Remeasurement cost under Acturial valuation for employee benefits		(18)
Adjustment of tax on remeasurement cost classified under OCI		6
Total Adjustments		**177**
Profit after tax as per Ind AS		**(2,439)**
Other Comprehensive Income		
Remeasurements of post-employment benefit obligations		18
Income Tax relating to these items		(6)
Total comprehensive Income as per Ind AS		**(2,427)**

B.3. Impact of Ind AS adoption on the cash flows for the year ended 31 March 2016

	Notes	Previous GAAP	Adjustments	Ind AS
Net Cash Flow from Operating Activities		266	(1,051)	(785)
Net Cash Flow used in Investing Activities		(268)	1,405	1,137
Net Cash Flow used in Financing Activities	46(C)	(150)	(2,023)	(2,173)
Net increase/(decrease) in cash and cash equivalents		(153)	(1,668)	(1,821)
Cash and Cash equivalents as at 1 April 2015		1,026		1,026
Cash and Cash equivalents as at 31 March 2016		873	(1,668)	(795)

B.4 Analysis of changes in cash and cash equivalents for the purposes of statement of cash flows under Ind AS

	Notes to first-time adoption	March 31, 2016	April 1, 2015
Cash and Cash equivalents as per previous GAAP	46(C)(8)	289	1,026
Bank Overdrafts		1,084	-
Cash and Cash equivalents for the purpose of statement of cash flows		(795)	1,026

C. Notes to first-time Adoption

Note 1: Investment Property

Under the previous GAAP, certain part of Leasehold Land which had been given on rent to McNally Bharat Engineering Limited (MBECL, the Holding Company) was carried under Tangible Fixed Assets. Under Ind AS, tangible fixed assets held for rental income and / or capital appreciation is within the ambit of Ind AS 40 "Investment Property" and has been

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

accordingly reclassified. Consequent to the above change Property, Plant and Equipment has decreased by Rs. 384 for the year ended 31 March 2016 (1 April 2015 Rs. 387). There is no impact on the total equity or loss as a result of this adjustment.

Note 2: Trade Receivables

As per Ind AS 109, the group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs 2557 as at 31 March 2016 (1 April 2015 Rs. 2841). Consequently, the total equity as at 31 March 2016 decreased by Rs 2557 (1 April 2015 Rs 2841) and loss for the year ended 31 March 2016 decreased by Rs 310.

Note 3: Other financial assets

Under the previous GAAP, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability was amortised as expense or income over the life of the contract. Other contracts entered which are not hedged against existing asset / liability, then marked to market losses, if any at balance sheet date were recognised as expense. Under the Ind AS 109, such financial instruments are to be carried at fair value and the resultant gains and lossess are recorded in the Profit or loss. Accordingly, the same has been fair valued resulting in incerease in equity by Rs. 90 as at 31 March 2016 (increase by Rs. 121 as at 1 April 2015).

Note 4: Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31 March 2016 have been reduced by Rs 105 (1 April 2015 Rs 40) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amout. The loss for the year ended 31 March 2016 decreased by Rs 65 as a result of the transaction cost adjustment.

Note 5: Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by Rs 2,649. There is no impact on the total equity and profit.

Note 6: Deferred revenue

Under the previous GAAP, revenue from sale of products (including retention portion) was recognised at invoiced value on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery. Under Ind AS, revenue from sale of goods is recognised at fair value on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery. Accordingly, retention portion of the revenue is discounted to bring it at its present and recognised. The differential of amount billed and its fair value is recognised as interest income over the period till the retetntion amount becomes claimable. This change has resulted in a decrease in trade receivables as at 1 April 2015 by Rs. 949 with a corresponding decrease in retatined earnings. The total revenue from operation for the year ended 31 March 2016 has decreased by Rs. 92 and increase in interest income on unwinding of same by Rs. 108, resulting in net increase in equity by Rs. 16 for year ended 31 March 2016.

Note 7: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. acturial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As result of this change, the profit for the year ended March 31, 2016 decreased by Rs 18. There is no impact on the total equity as at 31 March 2016.

Note 8: Bank Overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents have reduced by Rs. 1084 lakhs as at 31 March 2016 (1 April 2015- Rs Nil) and cash flows from financing activities for the year ended 31 March 2016 have also reduced by Rs. 1084 lakhs to the effect of the movements in bank overdraft.

Note 9: Retained Earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Note 10: Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

Note 11: Trade Payable

As required under Ind AS 109 financial liabilities are fair valued on initial recognition and subsequently carried at amortised cost. Hence, retention payable has been fair-value in accordance with Ind AS 109. As a result, the retention money payable has decreased by Rs 7 as at 31 March 2016 (1 April 2015 Rs. 8), thereby increase in loss for year ended 31 March, 2016 by Rs 1.

Note 12: Retention money due from customers and unbilled revenue

As required under Ind AS 109 financial assets are fair valued on initial recognition and subsequently carried at amortised cost. Hence, retention money due from customers and unbilled revenue has been fair-value in accordance with Ind AS 109. As a result, the amount receivable has increased by Rs 291 as at 31 March 2016 (1 April 2015 Rs. 324). Consequently, loss for the year has decreased by Rs 33 for the year ended 31 March 2016.

Note 13: Anticipated loss on contracts

As required under Ind AS 37 provisions are fair valued on initial recognition and subsequently carried at amortised cost. Hence based on the principles prescribed in the standard Anticcipated loss on contracts have been fair valued.

Note 14: Other Financial Liabilities

As per Ind AS 109, the Company is required to recognise the fair value liability of the Corporate Guarantee given based on expected probability of the same being evoked. As a result, the Company has recognised Rs. 124 (1 April 2015 Rs. Nil) based on expected probability of outflow. Consequently the total equity as at 31 March 2016 decreased by Rs. 124 (1 April 2015 Rs. Nil).

Note 15: Business Combination under common control

As per Ind AS 103, the Group has consolidated the subsidairy wef 01.04.2015 , the entity being under common control, investment value of which is Rs 2700. The impact of same considered in year ended 31st March 2016 (when the entity was consolidated under IGAAP wef 1st Janaury, 2016) is being adjusted.

Note 47

The details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 and December 30, 2016 are as follows :

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	10	6	16
Add : Permitted receipts	-	39	39
Less : Permitted payments	-	37	37
Less : Amount deposited in banks	10	-	10
Closing cash in hand as on December 30, 2016	**-**	**8**	**8**

Note 48

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

Note 49

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Particulars	31-Mar-17	31-Mar-16
(i) Contract revenue recognized for the year	2,167	39
(ii) Aggregate amount of costs incurred and recognized profit (less recognized losses) upto the reporting date for all contracts in progress as at that date.	15,378	13,249
(iii) Amount of customer advances outstanding for contracts in progress	725	860
(iv) Amount retained by customers for contracts in progress	1,163	1,217

Note 50

Disclosure of recovery or settlement of assets and liabilities

Particulars	**31 March 2017**		**31 March 2016**		**1 April 2015**	
	Less than 12 months	**More than 12 months**	**Less than 12 months**	**More than 12 months**	**Less than 12 months**	**More than 12 months**
ASSETS						
Non-current assets						
Property, plant and equipment	-	16,326		17,827		18,777
Capital work-in-progress	-	17		32		84
Investment properties	-	381		384		387
Other intangible assets	-	105		176		261
Financial assets						
Trade receivables	-	2,353		2,427		2,092
Other financial assets	-	794		586		635
Deferred tax assets		3,866		821		874
Other non-current assets	5		5		5	-
Current assets						
Inventories	14,363		14,536		13,394	
Financial assets						
Trade receivables	10,423		14,996		15,291	
Cash and cash equivalents	604		289		1,026	
Bank balances other than above	522		472		81	
Loans	-		-		-	

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Other financial assets	402		2,515		299	
Current Tax Assets (Net)	198		93		131	
Other current assets	1,383		1,232		1,924	
LIABILITIES						
Non-current liabilities						
Financial Liabilities						
Borrowings	-	3,692				
Trade payables	-	53		25		12
Other financial liabilities		-		11		34
Provisions	-	95		84		82
Employee benefit obligations	-	213		30		28
Deferred tax liabilities	-					
Other non-current liabilities	-	350		334		346
Current liabilities						
Financial Liabilities						
Borrowings	13,804		2,099		1,761	
Trade payables	9,705	28	2,578	7	2,388	31
Other financial liabilities	6,145		191		142	
Provisions	202		296		343	
Employee benefit obligations	314		8		11	
Other current liabilities	3,133		922		742	

Note 51

Additional information pursuant to the requirement of Schedule III to the Act of entities considered in Consolidated Financial Statements are set out below :

	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated Net assets	Amount	As % of consolidated profit and loss	Amount
Parent :				
McNally Sayaji Engineering Limited	93%	13,052	85%	556
Subsidiary				
MBE Coal & Mineral Technology India Private Limited	7%	956	15%	99
TOTAL	**100%**	**14,008**	**100%**	**655**

Notes to the Consolidated Financial Statements

(All amounts in Rs lakhs, unless otherwise stated)

Note 52

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' . These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from April 1, 2017. The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Note 53

Unless otherwise stated, figures in brackets relates to the previous year, which have been rearranged / regrouped wherever necessary.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants
Prabal Sarkar
Partner
Membership Number : 52340
Place : Kolkata
Date : 30th May, 2017

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

Form AOC-1

(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 or associate companies or joint ventures

Subsidiaries

(Unless otherwise specifies, all figures in Rs. Lacs)

1	Sl. No.	1	2
2	Name of the subsidiary	MBE Coal & Mineral Technology India Private Limited	McNally Sayaji NFLG Construction Equipment Company Private Limited
3	The date since when subsidiary was acquired	30 December 2015	11 November 2014
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A	N.A
6	Share capital	34.93	-
7	Reserves and surplus	921.38	-19.74
8	Total assets	7,201.39	0
9	Total Liabilities	6,245.08	19.89
10	Investments	-	-
11	Turnover	5,511.75	-
12	Profit before taxation	157.28	-
13	Provision for taxation	57.59	-
14	Profit after taxation	99.69	-
15	Proposed Dividend	-	-
16	Extent of shareholding (in percentage)	100%	50%
1	Names of subsidiaries which are yet to commence operations:	McNally Sayaji NFLG Construction Equipment Company Private Limited	
2	*Names of subsidiaries which have been liquidated or sold during the year:	McNally Sayaji NFLG Construction Equipment Company Private Limited is under voluntary Strike Off procedure under Section 248 of the Companies Act, 2013	

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