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SAYAJI

McNally Sayaji Engineering Limited

ANNUAL REPORT 2018-19

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. Aditya Khaitan- Non Executive Non Independent Director
Mr. Kasturi Roy Choudhury - Non Executive Independent Director
Mr.Nilotpal Roy - Non Executive Independent Director
Mr.Srinivash Singh - Non Executive Non Independent Director
Mr. Pradip Kumar Tibdewal - Whole Time Director

Chief Financial Officer
Mr. Uttam Tekriwal

Company Secretary
Mr. Saikat Ghosh

Statutory Auditors
M/s Deloite Haskins & Sells LLP, Chartered Accountants
13th &14th Floor, Building -Omega,
Bengal Intelligent Park, Block -EP& GP, Sector V - UPTO 18.07.2019
Kolkata-700091

M/s V. Singhi & Associates, Chartered Accountants
4, Mangoe lane,6th Floor - WEF 23.07.2019
Surendra Mohan Ghosh Sarani,
Kolkata- 700001

Registered & Corporate Office
Ecospace, Campus 2B, 11F/12
New Town , Rajarhat
Kolkata - 700160, West Bengal
T: +9133 3014 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 22482248
F: +9133 2248 4787
E: mdpldc@yahoo.com

Registrar & Share Transfer Agent
M/s Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700001
T: +9133 22482248
F: +9133 2248 4787
E: mdpldc@yahoo.com

Notice

NOTICE is hereby given that the Seventy Fifth Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on Wednesday, September 25, 2019, at 11:00 a.m at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:

   a. the audited Financial Statements of the Company for the financial year ended March 31, 2019, 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, 2019, and the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Srinivash Singh (DIN: 00789624), who retires by rotation and being eligible, offers himself for re-appointment.

3. i) To appoint M/s V. Singhi & Associates Chartered Accountants (FRN 311017E) as Statutory Auditors in place of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (FRN 117366W/W-100018) as Statutory Auditors in casual vacancy until conclusion of the Seventy Fifth Annual General Meeting and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 139(8) of the Companies Act, 2013 , the Companies (Audit and Auditors) Rules , 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the recommendation made by the Audit Committee of the Board M/s V. Singhi & Associates, Chartered Accountants , having Firm Registration No. FRN311017E allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as Statutory Auditors of the Company with effect from July 23,2019 to fill the casual vacancy caused by the resignation of M/s Deloitte Haskins & Sells LLP, (FRN 117366W/W-100018) Chartered Accountants to hold office until the conclusion of the Seventy Fifth Annual General Meeting."

   ii) To continue the appointment of M/s V. Singhi & Associates Chartered Accountants (FRN 311017E) as Statutory Auditors for the period starting from conclusion of the Seventy Fifth Annual General Meeting until conclusion of the eightieth Annual General Meeting and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the recommendation made by the Audit Committee of the Board M/s V. Singhi & Associates, Chartered Accountants, having Firm Registration No. FRN311017E allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Statutory Auditors of the Company from the conclusion of this Seventy Fifth Annual General Meeting for a term of consecutive five years till conclusion of the Eightieth Annual General Meeting at a remuneration of Rs.27,00,000/- (Rupees twenty seven lacs) per annum as has been determined by the audit committee in consultation with the Statutory Auditors and decided by the board , in addition to reimbursement of out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company."

Special Business:

4. Appointment of Mr. Nilotpal Roy as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors)

Notice

Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Nilotpal Roy (DIN 00087298) who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 29 , 2019, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, to propose Mr. Nilotpal Roy as a candidate for the office of the director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 years to hold office till the conclusion of the eightieth Annual General Meeting and shall not be liable to retire by rotation."

5. Appointment of Mrs. Kasturi Roy Choudhury as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Kasturi Roy Choudhury (DIN 06594917) who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 29 , 2019, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, to propose Mrs. Kasturi Roy Choudhury as a candidate for the office of the director of the Company, be and is hereby appointed as an Independent Director of the Company for a period of 5 years to hold office till the conclusion of the eightieth Annual General Meeting and shall not be liable to retire by rotation."

6. Reclassification of the Status of Promoter's Shareholding into Public Shareholding

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of regulation 31A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and all other applicable provisions of the companies Act 2013, if any, and subject to necessary approval from Metropolitan Stock Exchange of India Ltd. (MSEI), consent of the members be and is hereby accorded for re-classification of EMC Limited from 'Promoter & Promoter Group Category' to 'Public Category'."

"Resolved further that the outgoing promoter viz. M/s EMC Limited seeking re-classification do not:

- Participate directly or indirectly whatsoever, in any activities of the Company
- Have any direct or indirect, exercise control, over the affairs of the Company
- Hold any key managerial position or representations of the Board of Directors in the Company."

"**RESOLVED FURTHER THAT,** after such re-classification, EMC Limited shall cease to belong to the 'Promoter & Promoter Group Category' of the Company."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to make application to MSEI along-with all the required documents and to do all deeds, things and acts as may be necessary and expedient to give effect the resolution in this regard."

7. Ratification of remuneration payable to the Cost Auditor:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** in terms of Section 148 of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditors namely, M/s Biswajit & Associates, for conducting Audit of Cost Accounting records maintained by the Company as applicable, for the year ending 31st March, 2020, 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."

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8. **Approval of Transactions with Related Party:**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to section 188 and other applicable provisions of the Companies Act, 2013, ("the Act") 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 2019-2020 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**

Place : Kolkata
Date : August 14, 2019

Saikat Ghosh
Company Secretary

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

Notice

- 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 18, 2019.
- 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 19, 2019 to September 25, 2019 (both days inclusive).
- Members are requested to register their email addresses with the Company or Registrar and Share Transfer Agents of the Company by quoting folio number and name to mse.corp@mbecl.co.in or mdpldc@yahoo.com or with the Depositories, as the case may be, for receiving all communication, including Annual Report, Notices and Documents through e-mail instead of physical copy.
- The shareholders of the company who had not encashed their Dividend Warrant(s) and on which dividend remained unclaimed for 7 consecutive years was transferred to IEPF in terms of section 124 of the Companies Act, 2013 and the applicable Rules made thereunder.

  Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred such shares which were liable to be transferred in accordance with such rules and in respect of which dividend, has not been claimed, to the Demat Account of the IEPF Authority.

  The company had communicated individually to the concerned shareholders whose shares were liable to be transferred to the Demat Account of IEPF Authority at their last recorded address with the company for taking appropriate action.

  The shareholders whose shares have been transferred to IEPF Authority may claim the shares from the authority by making an application in e form IEPF 5.
- SEBI had amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by its notification dated 8th June, 2018 providing that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a Depository. In view of the above, the Shareholders holding shares of the Company in physical mode are requested to get their shares dematerialized at an early date.
- The Shareholders are requested to send directly all documents, demat requests and other communication in relation thereto to the Registrar at their following address:

  M/S Maheshwari Datamatics Pvt. Ltd.

  Unit: McNally Sayaji Engineering 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 2018-19 and the Notice of the Annual General Meeting to be held on September 25, 2019, will be available in the "Investors" section on the Company's portal http://www.mcnallysayaji.com/.
- 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.
- The details relating to the Director(s) proposed to be appointed/re-appointed, as required to be provided in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standard (SS-2) issued by the Institute of Company Secretaries of India are given below:

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Name	Mr. Srinivash Singh
DIN	00789624
Date of Birth	18.02.1946
Qualifications	B.Com (Hons.), ACS,CMA,LLB
Expertise	Mr. Singh brings in more than four and half decades of experience in successfully managing EPC projects in the country, besides running large manufacturing units. Mr. Srinivash Singh has earned his laurels as an entrepreneur in the EPC universe the hard way. With over forty-five years of hands-on experience in implementation of projects he has developed an uncanny insight into the basic requirements of any project. He inspired the team of Engineers & Technical experts to deliver on time every time.He has deep insights on and hands on experience in the EPC sector. He is also the Managing Director of the holding company, McNally Bharat Engineering Company Limited.
Details of Remuneration sought to be paid	He is eligible to receive sitting fees, if any.
Remuneration last drawn	N.A
Date of first appointment on the Board	Mr.Srinivash Singh was appointed as an Additional Director on 11.08.2017. In terms of Section 152(6) of the Companies Act, 2013, Mr. Singh retires by rotation as a Director and being eligible, offers himself for re-appointment. He is accordingly proposed to be re -appointed as a Director of the Company.
Number of Board Meetings attended	3
Relationship with other Directors/ KMP of the Company	None
Other Directorships, Membership/ Chairmanship of Committees of other Boards of Indian Companies (as at 31.03.2019)	Directorship Committee Membership if any with position Listed Companies: McNally Bharat Engineering Company Ltd. Member-Audit Committee Member – Stakeholders Relationship Committee
Shareholding in the Company	Nil

Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Ordinary and Special Business to be transacted at the Meeting

Item No.3 (i) & (ii)

M/s V. Singhi & Associates, Chartered Accountants, having Firm Registration No. FRN311017E have been appointed as statutory auditors with effect from July 23,2019 to fill the casual vacancy caused by the resignation of M/s Deloitte Haskins & Sells LLP, (FRN 117366W/W-100018) Chartered Accountants and shall hold office until conclusion of the Seventy Fifth Annual General Meeting.

M/s V.Singhi & Associates possesses experience of more than four decades. With a global approach to render services, the firm responds to the clients' complex business challenges with seamless service across all sectors professionally within the national/ international boundaries. The firm operates from its head office at Kolkata and branch offices at Bengaluru, Hyderabad, Jaipur, Delhi, Guwahati and Mumbai and offers its clients a full range of services, including assurance, financial and business advisory, tax and regulatory and risk advisory services. The firm adopts a customized, responsive and personal approach towards client service and offers complete range of services across various industries such as manufacturing, commercial, services, financial and public entities in the country.

The audit committee of the board recommended their appointment to fill up the casual vacancy caused by the resignation of M/s Deloitte Haskins & Sells LLP, Chartered Accountants and also to continue such appointment for a period starting from conclusion of the Seventy Fifth Annual General Meeting until conclusion of the eightieth Annual General Meeting.

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The remuneration that shall be paid to M/s V.Singhi & Associates for conducting statutory audit shall be Rs.27,00,000/- (Rupees twenty seven lacs) per annum as has been determined by the audit committee in consultation with the Statutory Auditors and decided by the board. The erstwhile statutory auditors were paid Rs.42,00,000/- (Rupees forty two lacs) per annum for conducting statutory audit.

Your Directors recommend these two resolutions to be passed as Ordinary Resolutions for approval of shareholders.

None of the Directors or Key Managerial personnel of the Company and/or their relatives are in any way interested or concerned, financially or otherwise, in the resolution set out in item no.3(i) & (ii).

Item No. 4

Mr. Nilotpal Roy, (DIN 00087298) aged about 71 years is a Non Executive Independent Director of the company holding a degree in M Tech Chemical Engineering from NIT- Durgapur . Mr. Roy possesses rich experience of more than 4 decades. He started his career at SAIL as a graduate engineer and after working in various capacities he had the distinction of becoming the Managing Director of SAIL, ISCO Steel Plant. During his tenure in SAIL he was accredited with Mannesman Demag Gold Medal for contribution as team leader. He also served in various other companies in the private sector in the capacity of CEO or Managing Director.

Mr. Nilotpal Roy is on the board of the company since 29.05.2019 and holds no shares in the company. He is not related to any of the Directors on Board.

Mr. Nilotpal Roy presently holds Directorship in Neo Metaliks Limited but does not hold any Committee memberships.

Mr. Nilotpal Roy was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). He holds office as Independent Directors of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company.

Accordingly in compliance of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Act, Mr. Nilotpal Roy is proposed to be appointed as an Independent Director who shall hold office from the date of this Annual General Meeting upto the expiry of the eightieth Annual General Meeting and shall not be liable to retire by rotation. A notice has been received from a Member referring to Section 160 of the Act proposing him for appointment as an Independent Director at the forthcoming Annual General Meeting of the Company. Mr. Roy has the desired qualifications and in depth experience in his respective field and has held very high positions in different renowned organizations.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. The Company has also received declarations from Mr. Roy that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board Mr. Roy fulfil the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations. Copy of draft letter of appointment of Mr. Roy as independent director setting out the terms and conditions would be available for inspection.

Mr. Roy is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

Your Directors recommend the resolution to be passed as an Ordinary Resolution for approval of shareholders.

Except, Mr. Nilotpal Roy, being appointee, none of the Directors, Key Managerial personnel or their relatives are interested or concerned, financially or otherwise in the resolution set out at item no. 4.

Item No. 5

Mrs. Kasturi Roy Choudhury aged about 54 years is a Non Executive Independent Director of the company holding a degree in BE (electrical) from Jadavpur University,DBF from ICFAI Hyderabad and PGDM from IIM Ahmedabad. She has been working in the capacity of corporate consultant for well over two decades. Prior to which she worked with Asian Paints (I)

Notice

Ltd as Branch Executive at Hyderabad.

Mrs.Kasturi Roy Choudhury is on the board of the company since 29.05.2019 and holds no shares in the company. She is not related to any of the Directors on Board.

Mrs.Kasturi Roy Choudhury presently holds no other Directorship or Committee memberships.

Mrs.Kasturi Roy Choudhury was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). She holds office as Independent Directors of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company.

Accordingly in compliance of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Act, Mrs.Kasturi Roy Choudhury is proposed to be appointed as an Independent Director who shall hold office from the date of this Annual General Meeting upto the expiry of the eightieth Annual General Meeting and shall not be liable to retire by rotation. A notice has been received from a Member referring to Section 160 of the Act proposing her for appointment as an Independent Director at the forthcoming Annual General Meeting of the Company. Mrs. Roy Choudhury has the desired qualifications and in depth experience in her respective field and brings with her such experience and knowledge to enrich the board and guide the organisation.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. The Company has also received declarations from Mrs. Roy Choudhury that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board Mrs. Roy Choudhury fulfil the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations. Copy of draft letter of appointment of Mrs. Roy Choudhury as independent director setting out the terms and conditions would be available for inspection.

Mrs. Roy Choudhury is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

Your Directors recommend the resolution to be passed as an Ordinary Resolution for approval of shareholders.

Except, Mrs. Kasturi Roy Choudhury, being appointee, none of the Directors, Key Managerial personnel or their relatives are interested or concerned, financially or otherwise in the resolution set out at item no.5.

Item No. 6

EMC Limited has requested the Company to reclassify them from 'Promoter & Promoter Group Category' to 'Public Category' and thus removal of their names from promoter group of McNally Sayaji Engineering Limited ("the Company"), pursuant to the provisions of the Regulation 31A of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

In reference to the above and taking into consideration the request of EMC Limited vide their letter dated April 4, 2018, the Board of Directors of the Company has accepted their request and decided to re-classify them as "Public" Category as they do not

- participate directly or indirectly whatsoever, in any activities of the Company
- have any direct or indirect, exercise control, over the affairs of the Company and
- hold any key managerial position or representations of the Board of Directors in the Company and is merely included in promoter group of the Company.

Further, in terms of the provisions of Regulation 31A of the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, re-classification of promoters requires the approval of the Members of the Company; therefore, the Board of Directors recommends the special resolution as set-out in the item No. 6 of the Notice for the approval of the members.

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None of the Directors or Key Managerial personnel of the Company or their relatives are in any way interested or concerned, financially or otherwise, in the resolution set out in item no.6.

Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s Biswajit & Associates, Cost Accountants, to conduct audit of the Cost Accounting records maintained by the Company for the financial year ended March 31, 2020. 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.

Pursuant to the provisions of Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. The Board of Directors of the Company has on recommendation of the Audit Committee approved the appointment of M/s Biswajit & Associates, Cost accountants as Cost Auditor of the Company for the Financial Year 2019-20 at a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only).

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be approved by the members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No.7 of the of the Notice for approval of the remuneration payable to the Cost Auditor of the Company for the financial year ending March 31,2020.

Your Directors recommend the resolution to be passed as an Ordinary Resolution for approval of shareholders.

None of the Directors or Key managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise in the resolution set out at item no.7.

Item No. 8

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 for the financial year 2019-2020 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 this company, the same is being sought as an abundant precautionary measure.

Notice

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	McNally Bharat Engineering Company Limited (Holding Company)
Name of the Director or Key Managerial Personnel who is related	Mr.Aditya Khaitan and Mr.Srinivash Singh
Nature of Relationship	Chairperson and the Managing Director of McNally Bharat Engineering Company Limited respectively.
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 29, 2019.

The Board of Directors recommends the passing of the Special Resolution contained in Item No. 8 of the accompanying Notice.

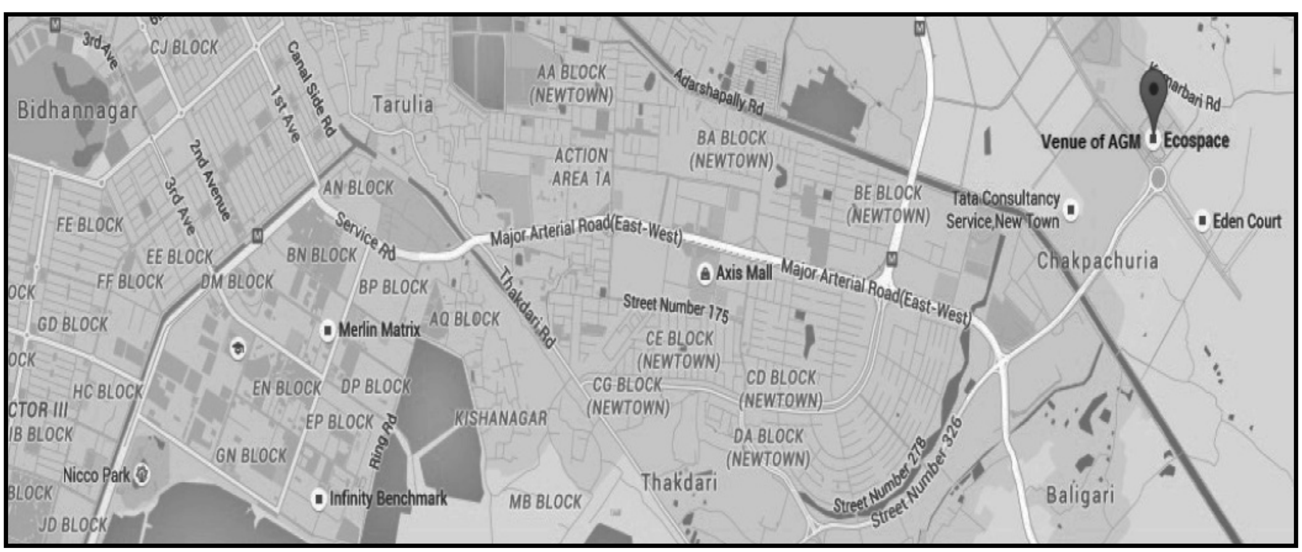
Except Mr. Aditya Khaitan and Mr. Srinivash Singh, who are the Chairperson and the Managing Director of MBECL respectively, none of the Director and the Key Managerial Personnel or their Relatives is concerned or interested in the Resolution set out at item no.8 .

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

Place : Kolkata
Date : August 14, 2019

Saikat Ghosh
Company Secretary

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, 2019.

Financial Highlights

The Company's financial performance for the year ended March 31, 2019 is summarized below:

(Rupees in Lakhs)

	2018-19	2017-18
Revenue from Operations	21,857	21,942
Other Income	1,023	433
Total Income	**22,880**	**22,375**
Excise Duty	--	442
Finance Costs	3,338	3,302
Depreciation and amortization expenses	1,247	1,626
Profit / (Loss) before Tax & Exceptional Items	**(1,814)**	**(4,562)**
Exceptional items	(2,591)	-
Profit / (Loss) before Tax	**(4,405)**	**(4,562)**
Tax Expenses	(1105)	(1,140)
Profit/ (Loss) after Tax	**(3,255)**	**(3,422)**

State of Company's Affairs and Review of Operations

The Financial year 2018-19 has been very challenging for your company. Non availability of working capital and increased interest burden have adversely impacted the profitability of the company.

The company is in discussion with the Lenders for implementing Debt Resolution outside The Insolvency and Bankruptcy Code (IBC) as per RBI guidelines and is making efforts, for raising funds for working capital, reducing cost and improving operational efficiency.

The Lenders have started the process of Debt Resolution and appointed various agencies in this regard. The resolution process is expeditiously moving forward with major activities viz. TEV Study, Forensic Audit, Valuation, Stock audit etc. have since been completed and CRISIL has been appointed for scenario rating equivalent to RP 4 rating. The Management is quite hopeful that the Lenders will complete the Resolution Process as the earliest within the ambit of the RBI guidelines.

The total income for the financial year under review was Rs.228.80 crores as against Rs.223.75 crores for the previous financial year. The sales for the financial year declined marginally as compared to the previous financial year. The company undertook a comprehensive evaluation of its inventories during the year which resulted in provision of Rs. 25.91 crores which has been shown as exceptional item. The profit/(loss) before tax and exceptional item was Rs (18.14) crores for the financial year under review and profit/(loss) before tax was Rs.(44.05) crores as against Rs (45.62) crores for the previous financial year. The Profit/(loss) after tax for the financial year under review was Rs (32.55) crores as against Rs (34.22) crores for the previous financial year.

Your Board has received confirmation from its senior managerial staffs that they had no personal interest in any material, financial and commercial transactions of the Company.

Going Concern Status

The financial statements have been prepared on a going concern basis. The directors acknowledge that uncertainty exists over the acceptance of the debt restructuring plan submitted by the company to its lenders. The company uses annual budgeting, forecasting and regular performance reviews to assess the longer term profitability of the company and make strategic and commercial changes as required ensuring cash resources are maintained. Although there were losses due to which it could not discharge its obligations for repayments of loans, the management is confident that company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities.

Material Changes and commitments

No change has taken place in the nature of business of the Company during the year under review. No material changes and commitments affecting the financial position of the Company occurred between the financial year-end i.e. March 31, 2019 and the date of this report.

Directors' Report

Dividend

Due to inadequacy of profits, your Directors do not recommend any dividend for the financial year ended March 31, 2019.

Transfer to Reserves

No amount has been transferred to the General Reserves of your Company at the financial year ended March 31, 2019.

Share Capital

During the Year ended March 31, 2019, 18,00,000 Compulsorily Convertible Preference Shares were converted into 18,00,000 equity shares of Rs.10/- each on 14.08.2018. The Equity Share Capital of the Company increased by such conversion and as on 31.03.2019 the paid up equity share of the company stood at 12,589,273 Equity Shares of Rs.10/- each.

Deposits

During the financial year ended March 31, 2019 your Company has not accepted any deposits from the public.

Depository System

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on 31st March, 2019, 69.96 % of the Company's total paid up capital representing 87,76,473 shares are in dematerialised form. SEBI has prohibited transfer of shares in physical form. In view of numerous advantages offered by the depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail the facility of dematerialisation from either of the depositories.

Transfer to Investor Education & Protection Fund

During the year, the Company has transferred a sum of Rs. 1,71,050 to Investor Education & Protection Fund (IEPF), the amount which was due & payable and remained unclaimed and unpaid for a period of seven years as provided in section 125 of the Companies Act, 2013 and the rules made thereunder. Pursuant to SEBI circular dated April 20, 2018, the Company has sent communications to members whose dividends are unclaimed requesting them to provide/update bank details with the RTA/Company, so that dividends, if any paid by the Company are credited to the investor's account on time.

Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred such shares which were liable to be transferred in accordance with such rules and in respect of which dividend, has not been claimed, to the Demat Account of the IEPF Authority. The company has communicated individually to the concerned shareholders whose shares were liable to be transferred to the Demat Account of IEPF Authority at their last recorded address with the company for taking appropriate action.

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, 2019.

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 Metropolitan Stock Exchange of India is enclosed to this report as a separate Annexure . 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

Subsidiaries, Associates and Joint Venture Companies

The salient Features of Financial Statements of the Subsidiary company MBE Coal & Mineral Technology India Pvt Ltd. as per Companies Act, 2013 are as follows:

(All amounts in Rupees lakhs, unless otherwise stated)

Name of Subsidiary Company	:	MBE Coal & Mineral Technology India Pvt Ltd.
The date since which subsidiary was acquired	:	30th December, 2015
Reporting Currency	:	INR
Equity Share Capital	:	34.93
Other Equity	:	202.93
Total Assets	:	6413.37
Total Liabilities	:	6175.51
Investments	:	-
Revenue from Operations / Total Income	:	3121.73
Profit Before Taxation	;	(473.12)
Provision for Taxation	:	48.15
Profit After Taxation	:	(521.27)
Other Comprehensive Income	:	(3.62)
Total Comprehensive Income	:	(3.62)
Proposed Dividend	:	Nil
% of Shareholding	:	100%

Joint Venture Struck Off

McNally Sayaji NFLG Construction Equipment Co. Private Limited which belonged to the category of joint venture company has been struck off vide Registrar of Companies intimation dated 17.07.2018.

Promoters

In accordance with request put forward by EMC Limited necessary steps have been initiated to reclassify them from 'Promoter & Promoter Group Category' to 'Public Category'. McNally Bharat Engineering Company Limited remains the holding company of your company and Williamson Magor & Co. Limited continue to be the remaining Promoter of the Company.

Directors and Key Managerial Personnel

During the Financial year 2018-19 Mr. Pradip Kumar Tibdewal's appointment as Whole Time Director of the company for a period of three years with effect from 01.11.2017 was approved by the shareholders at the Annual General Meeting.

Mr. Srinivash Singh will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

On 15.02.2019 Mr. Padam Kumar Khaitan resigned and on 16.05.2019 Mrs.Tehnaz Punwani tendered her resignation from the Board of Directors of the company.

Mr. Niloptal Roy and Mrs.Kasturi Roy Choudhury having been appointed by the Board as additional directors at its meeting held on 29.05.2019 holds office up to the forthcoming Annual General Meeting. Being eligible the Board recommends their appointment as independent directors of the Company for a period of 5 years to hold office till the conclusion of the eightieth Annual General Meeting.

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 independent directors also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.

Pursuant to the provisions of section 203 of the Companies Act,2013 the Key managerial Personnel of the company as on March 31,2019 are:

Mr. Pradip Kumar Tibdewal-Whole Time Director, Mr. Uttam Tekriwal-Chief Financial Officer, Mr. Saikat Ghosh-Company Secretary.

Directors' Report

Meetings of the Board of Directors

During the year, four Board Meetings were held on May 29, 2018, August 14, 2018, November 14, 2018 and February 12, 2019. Please refer to the Corporate Governance Report forming part of this Report as an Annexure for further details.

Board Evaluation

Pursuant to the provisions of companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015 , the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder committee. The statement indicating the manner in which formal annual evaluation of the Directors (including Independent Directors), the Board and Board level Committees is given in the Corporate Governance Report, which forms a part of this Annual Report

Audit Committee

The Audit Committee of the Board was reconstituted on May 29, 2019 which consists of Mr. Niloptal Roy, Mrs.Kasturi Roy Choudhury and Mr. Pradip Kumar Tibdewal. The meetings of the committee shall be chaired by Mr. Niloptal Roy, a Non-Executive Independent Director.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board consists of Mr. Nilotpal Roy, Mrs. Kasturi Roy Choudhury and Mr. Srinivash Singh and the committee meetings shall be chaired by Mrs. Kasturi Roy Choudhury, a Non-Executive Independent Director.

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)".

Disclosure of Remuneration

The details of remuneration and information in respect of employees of the Company required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time as required to be disclosed under the provisions of Section 197(12) of the Companies Act, 2013, are given as Annexure forming part of this Board report.

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 for the financial year ended March 31, 2019, 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

Directors' Report

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;

(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; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to section 134(5)(e) of the Companies Act, 2013, to ensure proper recording of financial and operational information and compliance of various internal control and other regulatory and statutory compliances commensurate with the scale, size and complexity of its operations. The controls based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness was observed. The framework on Internal Financial Control over Financial Reporting has been reviewed by the internal and external auditors. The Audit Committee of the Board has also reviewed the effectiveness of the IFC. In addition, as part of their role, the Board and its Committees routinely monitor the material business risks. The management have taken proactive steps in view of the downturn of the infrastructure and core sectors and have also reduced dependence on its holding company who are also facing financial stress. The management has taken adequate steps within their control to ensure that no 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. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

Risk Management Policy

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure the executive management controls risk by means of a properly designed framework. The Company regularly monitors the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The risks that are threatening to the existence of the company have been discussed and reviewed by the board from time to time.

The large debt burden and rising interest cost caused defaults in payment of its obligations leading to the Company approaching its lenders for a debt resolution. In the event the Resolution Plan is approved, the capital structure and the associated risk profile of the Company is expected to significantly change. The company has a reasonable dependence on its holding company which is also undergoing debt resolution outside IBC. The outcome of the Resolution Plan of the holding company would significantly affect the future course of the Company

Disclosure under sexual harassment act

The company has complied with provisions relating to constitution of internal committee under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,2013 and under section 22 of the said act no complaints were received by the company during the year.

Vigil mechanism / whistle blower policy

Pursuant to Section 177 of the Companies Act, 2013 the Company has complied with the laws and the codes of conduct applicable to it and has ensured that the business is conducted with integrity and accordingly the company has adopted a vigil mechanism policy. This policy is explained in corporate governance report and also posted on the website of company.

Corporate Social Responsibility Committee

The company is not covered by the provisions of section 135 of the Companies Act, 2013. Therefore, disclosures as required by section 135 have been dispensed with. The CSR committee was also discontinued by the board at its meeting held on 29.05.2018.

Directors' Report

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 as a separate Annexure.

Consolidated Financial Statements

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

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.

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 an Annexure.

Auditors' Report

The Board has duly examined the Statutory Auditors' Report to the accounts and the Board's clarifications regarding the qualified opinions and adverse remarks in Report on Other Legal and Regulatory Requirements of the erstwhile statutory auditors on the Standalone Financial Statements of the company are as under:

Qualification 1:

The Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Company has initiated various processes as specified under the banking guidelines and most of these processes have already been completed. On the basis of these developments, the Company is hopeful that the restructuring proposal of the company will be approved shortly. Additionally, the company is taking various measures, including cost cutting, which shall improve its operational efficiencies. The management is confident that with lenders support on the Resolution and various other measures, the company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence, financial results have been prepared on a going concern basis. As such, deferred tax assets have been recognised in the accounts.

Qualification 2:

The holding Company, McNally Bharat Engineering Company Limited is undergoing debt resolution plan with its lenders outside National Company Law tribunal which is likely to be approved shortly. The management does not forsee any devolvement of the guarantee on the Company.

Point 1(h) of Report on Other Legal and Regulatory Requirements:

None of the present directors or immediate past directors who served during 2018-19 are disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013 since no such director's name appears in the list which has been prepared by the Ministry of Corporate Affairs and displayed in the website www.mca.gov.in.

Statutory Auditors

At the seventy fourth Annual General Meeting of the company Deloitte Haskins & Sells LLP, Chartered Accountants, (FRN:117366W/W-100018) were appointed as statutory auditors of the company in accordance with provisions of section 139 of the Companies Act,2013 by the members for a term of consecutive five years till the conclusion of the seventy ninth Annual General Meeting of the company.

However, the statutory auditors had tendered their resignation vide their letter dated July 18, 2019 with immediate effect and as a result a casual vacancy had arisen in the office of statutory auditors.

To fill up such vacancy, the board of directors at the recommendation of the audit committee had on July 23, 2019 passed a resolution by circulation appointing V.Singhi & Associates, Chartered Accountants, Kolkata (Firm Registration No 311017E)

Directors' Report

as statutory auditors till the conclusion of the ensuing Annual General Meeting subject to approval of the shareholders of the company.

The appointment of V.Singhi & Associates, Chartered Accountants, Kolkata as statutory auditors of the company for a term of consecutive five years from the conclusion of the ensuing Annual General Meeting till the conclusion of Eightieth Annual General Meeting of the company is being recommended for approval by members at the ensuing Annual General Meeting.

Secretarial Audit

In terms of the requirements of Section 204 of the Companies Act, 2013 the Secretarial Audit of the Company for the year ended March 31, 2019, was conducted by M/s MKB & Associates, Company Secretaries. The Secretarial Auditors' Report is attached to this Report as an Annexure and forms part of the Directors' Report. The Company is taking necessary measures for rectifications in the matter of qualification or reservation or adverse remark or disclaimer made by the Secretarial Auditor in the Report.

Secretarial Standards

The company has devised adequate systems to ensure compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Cost Auditor

The Company is maintaining the accounts and cost records as required under the provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof. M/s Biswajit & Associates has been appointed as Cost Auditors of the Company for the Financial Year 2019-20.

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 a separate 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' within 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

Place : Kolkata	**Pradip Kumar Tibdewal**	**Srinivash Singh**
Date : 14th August, 2019	*Whole Time Director*	*Director*

Annexure A

Annexure A

Information under the provisions of Companies (Accounts) Rules, 2014, forming part of the Directors' Report for the year ended March 31, 2019

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, the company had installed a wind mill at Satapur village near Jamnagar Dist., having 800 KVA capacity which generated 11,97,450 Units and 646950 Units have been captively consumed by the Company. The Company has also installed a wind mill at village Sadodar near Jamnagar Dist., having 800 KVA capacity which generated 12,62,315 Units. These resulted in revenue income of Rs. 87 lakh during the year.

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 a sand washing plant for use with manufactured sand. The product has been accepted well in the market and we compete at the premium level.

   c) Development of Hammer Mill FGD 160

   d) Development of Heavy Duty Impactor 1200x1200-E.

   e) Development of Hydraulic Pusher for removal of Impact Blades in Heavy Duty Impactors

   f) Development of 5m dia x 9m long Ball Mill

   g) Introduction of PLC based Control Panel for Ball Mill Auxiliary Systems with Remote Sensing Facilities

   h) Development of Crushing Segment for Toothed Double Roll Crusher for producing (-) 80 mm 100% Anode Butt

   i) Development of leak proof sealing arrangement for Grinding Mill feed chute

   j) Environment compliance by products and processes.

   k) Testing and validation of new products.

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

   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) Easy maintenance of Equipment at customer end.

   e) 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 size 150 mm and 200 mm.

   c) Development of new Bolted Design 10 m and 12m Tank Thickener

Annexure A

d) Development of 2.1m wide x 7.35m long Scraper Chain Conveyor

e) Development of 5.2m diameter x 9m long Ball Mill

f) Development of 2.4m wide x 12.8m long Box Feeder

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.

Rs in Lakhs

		For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
a)	Capital	-	-
b)	Recurring	-	40
c)	Total R & D Expenditure	-	40
d)	Total R & D Expenditure as a percentage of total turnover	-	0.18%

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

Rs in Lakhs

		For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
1)	Foreign Exchange Earned	70	58
2)	CIF Value of Import	118	250
3)	Expenditure in Foreign Currency - Travelling & Royalty	0.25	78

On behalf of the Board of Directors

Place : Kolkata
Date : 14th August, 2019

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Annexure B

Management Discussion & Analysis

The year 2018-19 saw the Indian economy yielding the benefits of structural reforms, viz Goods & Service Tax (GST), Demonetisation and Insolvency & Bankruptcy Code (IBC). The year witnessed a pick-up in project awards, improved clearances and fund allocation, resulting in a pick-up in execution momentum in the domestic market.

The domestic economy continues to be driven by public sector investments, mainly in areas of water supply, irrigation, urban transportation, crude exploration and refining, roads allied infrastructure and rural electrification. The domestic investment momentum was healthy despite the multiple challenges on the economic front, with volatile crude oil prices, currency swings, pressure on fiscal and current account deficits, sharp temporary contraction in liquidity and the general elections held in Q1 of FY2019-20.

The Government's 'Make in India' initiative for the Defence sector continues to progress slowly due to bureaucratic inertia and complex procurement procedures.

Investment by private sector saw significant traction, with pick up in award of large value contracts in airport expansion and health sector. Also some momentum was seen in private sector capacity expansion. However, the overhang of bad debt, rising policy uncertainties and low-capacity utilization continue to impact the Indian industry capex. The power and manufacturing sectors remained the worst affected. Surplus inventory in the residential sector and limited pick-up in requirement of new construction led to lower investments.

The general elections held in Q1 of FY 2019-20 could result in volatility in the domestic market and slowdown in Government machinery, although the effects will be transitory in nature.

Global economic scenario

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US–China trade deal, but they remain slightly more restrictive than in the fall.

Indian economy

As far as economic recovery and growth are concerned, the Central Statistics Office (CSO) has estimated a 7.2% growth in GDP for the year under review. For the fiscal year 2019 - 2020, the Reserve Bank of India (RBI) has projected a slightly higher growth in GDP at 7.4%.

Currently, investment activity is showing signs of a recovery, but that is driven primarily by increased public spending on Infrastructure. According to Centre for Monitoring Indian Economy (CMIE), capital expenditure (Capex) fell to a 14-year low for the quarter ended December 2018. The decline was led by the private sector, primarily because of the excess capacity that has built up over the years. In order to sustain the investment cycle, the need of the hour is to stimulate and bolster private investment appetite and also take steps to improve the level of consumption in the economy.

Of greater relevance to your Company is the level of industrial activity in the country. The Index of Industrial Production (IIP) - the primary indicator of factory output in India - remained subdued at 1.7% in January 2019 on account of continued slowdown in the Manufacturing sector. Although, Capital Goods witnessed a contraction of 3.2%, overall, the Manufacturing sector slowed to 1.3% in January 2019 from 8.7% in January 2018.

However, there are reasons for optimism. India's Manufacturing sector witnessed an uptick in February 2019 and touched a 14-month high, driven by acceleration in sales, output, employment and a strong inflow of new orders - as shown by the Manufacturing Purchasing Managers' Index (PMI). A similar index for the Services sector also showed signs of improvement in February 2019.

Higher farm sector productions, higher contribution to GDP by Manufacturing sector, making India stand up with the concepts of Start up India and Stand up India, introduction of water transport, creating better road and rail network, higher FDIs are expected to make Indian Economy grow faster in future.

Annexure B

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. The performance of these sectors during the year under review was as follows:

Iron & Steel sector: The steel sector is going through a phase of consolidation and companies operating in the sector are expected to undertake brownfield investments for expansion. Companies in the steel industry are investing heavily in expanding their capacity. Major public and private companies, including Tata Steel, SAIL and JSW Steel, are expanding their production capacity. A long term perspective is to achieve capacity of 300 mtpa by 2030, as per National Steel Policy 2017. There is Growing demand in the construction industry and automotive sector. The Government has boosted the sector by allowing 100 per cent FDI in the steel sector and has reduced custom duty and adopted other favourable measures.

Power Sector: Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower).

Port Sector: Port authorities are modernising and upgrading port facilities to meet the needs of the port users in competitive environment. Indian Ports Association (IPA) launched a cloud based community system called 'PCS1x'. Strong growth potential, favourable investment climate and sops provided by state governments have encouraged domestic and foreign private players to enter the Indian ports sector. In addition to the development of ports and terminals, the private sector has extensively participated in port logistics services. SEZs are being developed in close proximity to several ports, thereby providing strategic advantage to industries within these zones.

Mining Sector: The MMDR Act of 1957, witnessed amendments in 2015 for the promotion and development of the mining industry in India, that includes making auctions the sole method for the allotment of mineral concessions and mandating the establishment of District Mineral Foundation (DMF). FDI of up to 100 per cent is permitted under the Automatic Route to explore and exploit all non-fuel and non-atomic minerals and process all metals as well as for metallurgy. The Government policies over the past few years in these sectors is expected to yield positive results.

Infrastructure: The infrastructure sector in India has been passing through a challenging period due to inadequate financial support from various capital partners despite keen interest shown by the government in boosting the sector by huge budgetary allocations, particularly in Roads and Railways. However, there is a fall out of banks reluctance to finance infra companies following RBIs tightening of the resolution framework for non-performing loans.

Business Scenario and Outlook

Operation & Performance

The Company could achieve a turnover of Rs 218.57 crores despite working capital constraints, tardy customer payments, delayed clearances, and land and environmental related issues. The Company's operating margins improved from the previous year largely due to increase in spare sales. Infrastructure growth continued to remain sluggish during the year. Only handful of companies in the infrastructure, power generation and steel sector which were referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC), could find a revival resolution. The company has succeeded in ensuring a healthy order booking during the year. It bagged the biggest Order in the history of the Company from Hutti Gold Mines Company Ltd. of Rs 50.33 crores. The Company received good orders for sand washing plants, thickeners, skid mounted coal crushing plants and various mills. It continued to develop bigger sizes for Mills and Impactors with advanced features and improve its crushers for different applications. The efforts for cost control and overhead reduction continued unabated which have started showing in the bottom line.

The company continue to pursue its broad three pronged strategy to counter the subdued demand in the traditional sectors.

1. Enter into emerging sectors through strategic tie ups to 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 markets.

With the thrust of the Government in the infrastructure sector, particularly highways, aggregate crushing, sand manufacturing and cement have seen a spurt in demand. Ban in river sand mining progressively across all states in India

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has resulted in healthy demand in manufactured Sand Plant.

The Company is one stop solution for all equipment required for flue-gas desulfurization (FGD) plants now becoming mandatory for the coal based power plants. It has already received necessary approval from NTPC and is receiving good orders from this sector.

The company is working on a number of brown field project enquiries from the cement sector for crushing of limestone, additives, etc. and for secondary clinker crushing.

The company has successfully commissioned two iron ore beneficiation plant and is looking forward to good orders for beneficiating low grade fine ore at attractive capital costs.

The company has targeted to double the spares sales through service and replacement drive within the next three year period. It is also developing spares of other players who are no more in the market.

The Company is working in a big way to get orders from Railways, which is one of the most focused sector for government spending for modernization and expansion. It has already registered itself with various agencies and is actively participating in tenders for manufacturing and Supply of Large Fabricated Product like Bogie Frame, Central Under Frame, Bolster, Complete Shell Assembly, etc. It has already received developmental orders from CLW.

The Company eyes considerable opportunity to get into defence equipment supply due to the Make in India initiative. The Company is already registered with various agencies and is expecting initial business in FY 2019-20.

Challenges

The major challenge of the company continues to be servicing of debt and the abnormal interest rates charged by the lenders. The company is also trying 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 is facing the challenges envisaged with multipronged approach. The Company has submitted its resolution plan to its lenders which would enable the company to carry a sustainable debt in order to meet its financial obligations. The Company is trying to enter into newer sectors like Cement, Railways and Defence to reduce its dependence on steel and power sectors which have not been faring well in the past few years. On the other hand, the company is trying to maximise its spares business and concentrate on replacement and service markets in order to have improved margins and lower working capital cycle. Cost control is receiving topmost priority mainly to be achieved by way of increasing efficiency. The company continues its efforts to constantly upgrade its technology and increase product efficiencies through in-house R&D activities. It is also desperately working on rationalisation of assets to reduce its debts.

Financial Performance

On standalone basis, total Income of your Company during the year was Rs. 228.80 Crores (Previous year Rs. 223.75 Crores). Loss before tax and exceptional items for the year was Rs.18.14 Crores (Previous year Rs. 45.62 Crores). Loss before tax was Rs. 44.05 crores as against Rs. 45.62 crores for the previous financial year. The loss after tax for the financial year under review was Rs. 32.55 crores as against Rs 34.22 crores for the previous financial year.

On consolidated basis, total Income of your Company during the year was Rs. 259.97 Crores (Previous year Rs. 261.34 Crores). Loss before tax for the year was Rs. 48.78 Crores (Previous year Rs. 48.66 crores). Total comprehensive loss for the year was Rs. 37.76 Crores (Previous year total comprehensive loss was Rs. 36.16 Crores).

The Company has submitted its resolution plan to the Lenders and various processes as specified under the RBI guidelines has already been initiated and are almost on the verge of completion.

The Auditor's have qualified the Going concern status of the company since the Resolution Plan has not been completed and the revival of the company is subject to the approval of the Resolution. Doubts have also been raised on deferred tax asset created by the company for the same reason. However, the company is confident that the Resolution Plan will be approved very soon as we have received positive feedbacks from the Lenders. Moreover, the company is having a sound order book and is also exploring various business plans and is hopeful to generate positive cash flows. Hence the financials have been prepared on Going Concern basis. The Company is well positioned in terms of capacities, capabilities and

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established customer relationships to capitalise on market opportunities. The Company's operations are affected mainly due to lack of adequate working capital. Approval of the Resolution Plan would enable the Company to progressively ramp up its operations.

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 major 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 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 factor.

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Report on Corporate Governance

FOR THE YEAR ENDED 31st MARCH, 2019

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, 2019 are given hereunder:

Company's Philosophy:

Corporate Governance is to put in place a system of checks and balances for the benefit of all stakeholders. It rests on the four cornerstones of fairness, transparency, accountability and responsibility. It extends beyond corporate law and encompasses the entire spectrum of functioning of a Company. The Corporate Governance is about commitment to values and integrity in directing the affairs of the Company and it is a collective responsibility of each of the three pillars of an enterprise the board of directors, shareholders and management. The Company strongly believes that establishing good corporate governance practices in each and every function of the organization leads to increased operational efficiencies and sustains long term value for all the stakeholders. The Company always endeavours to carry its business operations in a fair, transparent and ethical manner and also holds itself accountable and responsible to the society it belongs. The Company considers it absolutely ethical to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate governance to be considered as a good corporate citizen of the Country.

Board of Directors:

a. Composition of the Board:

The Board of Directors comprises four members at the end of the financial year, consisting of one independent director, two non-executive directors and one whole time director. Although the remaining independent director resigned after the close of financial year the board was reconstituted and two more independent directors have been inducted into the board. 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:

Name of Directors	Category of Directors	No. of other Directorships held #		No. of other Board Committee(s) of which he/she	
		Public	Private	Is a member	Is a Chairperson
Mr. Aditya Khaitan	Promoter -Non Executive	8	1	3	1
Mr. Padam Kumar Khaitan[A]	Independent – Non Executive	7	2	3	2
Mr. Srinivash Singh	Promoter-Non Executive	1	-	2	-
Mrs. Tehnaz Punwani[B]	Independent – Non Executive	1	1	-	-
Mr. Pradip Kumar Tibdewal	Professional – Executive	-	-	-	-
Mr. Nilotpal Roy[C]	Independent – Non Executive	1	-	-	-
Mrs. Kasturi Roy Choudhury[D]	Independent – Non Executive	-	-	-	-

Excluding Foreign Companies

A. Mr. Padam Kumar Khaitan who was serving as an independent director had resigned from the Board of Directors with effect from 15.02.2019. Being a practicing lawyer he was not able to devote sufficient time to perform the duties of an independent director and in order to fulfil his professional commitments he resigned.

B. Mrs. Tehnaz Punwani who was serving as an independent director had resigned from the Board of Directors with effect from 16.05.2019. She resigned from the board due to her other obligations and commitments.

C. Mr. Nilotpal Roy was appointed as an Additional Director on 29.05.2019.

D. Mrs. Kasturi Roy Choudhury was appointed as an Additional Director on 29.05.2019.

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The names of listed companies where the existing directors hold directorship, category of directorship are below:

Name of Director	Name of listed entities where directorship is held	Category of directorship
Mr. Aditya Khaitan	Williamson Magor & Co.Ltd Williamson Financial Services Ltd. Eveready Industries India Ltd. Mcleod Russel India Limited McNally Bharat Engineering Co Ltd. Kilburn Engineering Ltd. McNally Sayaji Engineering Ltd.	Non Executive Vice Chairman Non Executive Chairman Non Executive Vice Chairman Managing Director & Vice Chairman Non Executive Chairman Non Executive Chairman Non Executive Director
Mr.Srinivash Singh	McNally Bharat Engineering Co Ltd. McNally Sayaji Engineering Ltd.	Managing Director Non Executive Director
Mr.Pradip Kumar Tibdewal	McNally Sayaji Engineering Ltd	Whole Time Director
Mr. Nilotpal Roy	McNally Sayaji Engineering Ltd	Non Executive Independent Director
Mrs. Kasturi Roy Choudhury	McNally Sayaji Engineering Ltd	Non Executive Independent Director

Skills, expertise and competence of the Board

The Directors of McNally Sayaji Engineering Ltd. comprises of qualified members who bring in the required skills, experience, competence and expertise, effectively contributing to the Board and Committee proceedings. The Board members are committed to ensuring that the Board is in compliance with the highest standards of corporate governance.

The individual members of Board of Directors have been identified with the key skills, expertise, competence and attributes in various functional spheres which are required in the context of the Company's business including effective functioning of the Company under overall superintendence of relevant collective body.

Sl. No.	Nature of key skills, expertise and competence and attributes	Whether such key skills, expertise, and competence and attributes are available with the Board
1.	Technical/ Professional knowledge & skills	Yes
2.	Wide Management and Leadership experience	Yes
3.	Functional and Managerial Experience	Yes
4.	Sound knowledge and expertise in Financial matters	Yes
5.	Expertise in Legal, Governance and Risk Management	Yes

1. All independent directors have confirmed their independence to the Company. In the opinion of the Board the independent directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations) and are independent of management.
2. The non-executive directors have no pecuniary relationship or transactions with the Company .
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 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 Directors, Senior Management Personnel and other employees of the Company. The Code of Conduct is posted on the website of the Company. A declaration to this effect signed by the Whole Time Director is attached to this report.
6. The number of directorship held in various listed companies and membership held in various Committees are within the permissible limits of the SEBI (LODR) Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
7. None of the directors of the company hold any shares or convertible instruments of the company.

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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.

Additionally all independent directors of the company are bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

c. Familiarisation programmes:

In terms of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company organizes familiarization programmes for its Independent Directors with the objective of familiarizing them with the Company, its operations, business model, nature of industry, environment in which it operates and informing them about the roles and responsibilities of Independent Directors.

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

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

The Company has formulated a Remuneration Policy which determines the compensation structure of the Executive/ Non Executive Directors. The Remuneration Policy is reviewed and reassessed by the Nomination & Remuneration Committee from time to time and the Board is responsible for approving and overseeing implementation of the same.

The Remuneration Policy of the Company is attached to the Director's Report as an Annexure- and is also available at the weblink http://mcnallysayaji.com/manage/policies/.

No sitting fees were paid to any of the non-executive directors of the company during the financial year 2018-19. There was no pecuniary relationship or transactions of the company with any of its Non Executive Director.

e. Details of remuneration paid/payable to the Whole Time Director

(In Rs. Lakhs)

Particulars	Mr. Pradip Kumar Tibdewal
Salary	99.39
Performance Bonus	-
Contributions to Provident Fund and other funds	4.32
Perquisites	-
Total remuneration	**103.71**

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, 4 Board Meetings were held on May 29, 2018, August 14, 2018, November 14, 2018 and February 12, 2019.

(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2019 and of the last Annual General Meeting is as under :-

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Directors	Number of Board Meetings attended	Attendance at the Last AGM
Mr. Aditya Khaitan	1	No
Mr. Padam Kumar Khaitan[A] (Chairman)	4	Yes
Mr. Srinivash Singh	3	No
Mrs. Tehnaz Punwani[B]	4	Yes
Mr. Pradip Kumar Tibdewal	4	Yes
Mr. Nilotpal Roy[C] (Chairman)	-	-
Mrs. Kasturi Roy Choudhury[D]	-	-

A. Mr. Padam Kumar Khaitan who was serving as an independent director had resigned from the Board of Directors with effect from 15.02.2019.

B. Mrs. Tehnaz Punwani who was serving as an independent director had resigned from the Board of Directors with effect from 16.05.2019.

C. Mr. Nilotpal Roy was appointed as an Additional Director on 29.05.2019.

D. Mrs. Kasturi Roy Choudhury was appointed as an Additional Director on 29.05.2019.

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 website www.mcnallysayaji.com. The Code has been duly circulated to all the members of the Board and Senior Management Personnel and the compliance of the same is affirmed by them annually. A declaration to this effect signed by the Whole-time Director of the Company is given hereunder:

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, 2019.

For **McNally Sayaji Engineering Limited**

Place: Kolkata,
Date: August 14, 2019

Pradip Kumar Tibdewal
Whole Time Director

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.

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.

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:

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a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

b. Changes, if any, in accounting policies and practices and reasons for the same

c. Major accounting entries involving estimates based on the exercise of judgment by management

d. Significant adjustments made in the financial statements arising out of audit findings

e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report

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

Composition:

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

Four Audit Committee Meetings were held on May 29, 2018, August 14, 2018, November 14, 2018, and February 12, 2019. The attendance of Audit Committee members during the year ended on March 31, 2019 is as under:-

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Name of the Audit Committee Member	Number of meetings attended
Mrs. Tehnaz Punwani[A]	3
Mr. Padam Kumar Khaitan[B]	4
Mr. Pradip Kumar Tibdewal	4

A. Mrs. Tehnaz Punwani ceased to be a member with effect from 16.05.2019

B. Padam Kumar Khaitan ceased to be a member with effect from 15.02.2019

The Chairperson of the Audit Committee was present at the seventy fourth Annual General Meeting of the company.

The company secretary acts as the secretary to the Audit Committee.

Consequent to resignation of Mrs. Tehnaz Punwani and Mr. Padam Kumar Khaitan from the Board of Directors of the Company, the Audit Committee was reconstituted on 29.05.2019. Members of the Audit Committee are as under:

Mr. Nilotpal Roy (Chairman, Independent Director)

Mrs. Kasturi Roy Choudhury (Independent Director)

Mr. Pradip Kumar Tibdewal (Executive Director)

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.

Three Nomination and Remuneration Committee Meetings were held on May 29, 2018, August 14, 2018 and February 12, 2019. Mr. Padam Kumar Khaitan chaired all meetings held during the year. The attendance of each Committee member during the year ended on March 31, 2019 is as under:-

Name of Nomination and Remuneration Member	Number of Meetings Attended
Mr. Padam Kumar Khaitan	3
Mrs. Tehnaz Punwani	3
Mr. Srinivash Singh	1

Consequent to resignation of Mr. Padam Kumar Khaitan and Mrs. Tehnaz Punwani from the Board of Directors of the Company, the Nomination and Remuneration committee has been reconstituted on 29.05.2019 and consists of following members:

Mrs. Kasturi Roy Choudhury (Chairperson, Independent Director)

Mr. Nilotpal Roy (Independent Director)

Mr. Srinivash Singh (Non Executive Director)

Annexure C

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 Regulation 34 read Schedule V(C)(4)(d) of the SEBI (LODR) Regulations,2015 :

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

Stakeholders Relationship Committee

The **Stakeholders Relationship Committee** of the Company met thrice during the year on May 29,2018 ,August 14,2018 and November 14,2018. Mr. Padam Kumar Khaitan chaired all meetings held during the year. The attendance of the members of the Stakeholders Relationship Committee was as follows:

Names of Stakeholders Relationship Committee Member	Number of Meetings Attended
Mr. Padam Kumar Khaitan	3
Mrs. Tehnaz Punwani	2
Mr. Pradip Kumar Tibdiwal	2

Pursuant to resignation of Mr. Padam Kumar Khaitan and Mrs. Tehnaz Punwani from the Board of Directors of the Company, the Nomination and Remuneration committee has been reconstituted on 29.05.2019 and consists of following members:

Mr. Nilotpal Roy (Chairman, Independent Director)

Mrs. Kasturi Roy Choudhury (Independent Director)

Mr. Pradip Kumar Tibdewal (Executive Director)

One investor complaint was received during the year which was resolved and there are no pending complaints as on 31st March, 2019.

The Company confirms that there were no share transfers lying / pending as on March 31, 2019, and all requests for dematerialization and re-materialization of shares as on that dates were confirmed/ rejected into the NSDL / CDSL system.

Mr. Saikat Ghosh, Company Secretary acts as compliance officer of the company.

Meeting of Independent Directors

The Independent Directors meeting was held on February 12, 2019 which was attended by Mr. Padam Khaitan and Mrs. Tehnaz Punwani.

Subsidiary Companies

The Company has one subsidiary, MBE Coal & Mineral Technology India Private Limited which is also a material subsidiary of the Company. The Policy on determining material Subsidiaries is available at the weblink: http://mcnallysayaji.com/manage/policies/.

Disclosures

a. The Company has adopted a policy on dealing with Related Party Transactions and the same is disclosed at the weblink: http://mcnallysayaji.com/manage/policies/.

b. Disclosures on Materially Significant Related Party Transactions having Potential Conflict: There are no Materially Significant Related Party Transactions having Potential Conflict with the interest of the company.

c. Compliance of Laws & Regulations relating to Capital Markets: The company got itself enlisted with the Metropolitan Stock Exchange of India with effect from 17.04.2018. Prior to which it was listed with Delhi Stock Exchange, Vadodara Stock Exchange and Ahmedabad Stock Exchange, which are currently not recognized stock exchanges under the SEBI

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(Listing Obligations & Disclosure Requirements) Regulations, 2015. After getting enlisted with the Metropolitan Stock Exchange of India 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.

d. The Company has formulated a Whistle Blower Policy and established a Vigil Mechanism for Directors and Employers and same has been disclosed in the Company's website. The Management affirms that no personnel has been denied access to the Audit Committee.

e. The management has informed the Board that they are not having any personal interest in material, commercial and financial transactions of the Company that may have potential conflict with the interest of the Company at large.

f. The Whole Time Director and the CFO have 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.

g. 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.

h. Commodity Price Risk or foreign exchange risk and hedging activities:

   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.

   The management monitors the commodities whose prices are volatile and suitable steps are taken to minimize the risk. During the year, the company had managed the nominal foreign exchange risks and hedged its exposures as it deems appropriate.

Disclosures under SEBI Circular dated 15th November, 2018:

1. Risk management policy with respect to commodities including through hedging: the company had hedged its nominal exposures as it deems appropriate.
2. Exposure to commodity and commodity risks faced by the entity throughout the year:
   a. Total exposure to commodities in INR: Not applicable.
   b. Exposure to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives		
			Domestic market	International market	Total
------Nil-------					

   c. Commodity risk faced during the year and how they have been managed: Not applicable.
      i. All the mandatory requirements have been appropriately complied with.

Compliance Certificate

Compliance Certificate for Corporate Governance from MKB & Associates, Company Secretaries is given as Annexure to this report.

General Body Meetings

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

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Annual General Meeting:

AGM	Date	Venue	Special Resolutions Passed
72nd	September 29, 2016 at 03.00 P.M	7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160	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.
73rd	September 20,2017 at 03.00 P.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for entering into contract(s) / arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited upto a maximum amount of Rs. 300 Crores for the financial year 2017-18.
74th	September 25,2018 at 11.00 A.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for: 1. Appointment of Mr.Padam Kumar Khaitan as independent director for second term of five years. 2. Appointment of Mr.Pradip Kumar Tibdewal as whole Time Director for a period of three years with effect from 01.11.2017 . 3. Approval of shareholders for entering into contract(s) / arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited upto a maximum amount of Rs. 300 Crores for the financial year 2018-19.

Extraordinary General Meeting

Date	Time	Venue	Special Resolutions Passed
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 – 700160	• 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

During the year ended 31st March, 2019, no special resolution was passed through Postal Ballot.

No special resolution was passed through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming/ensuing AGM.

MEANS OF COMMUNICATION

The quarterly/half yearly/annual financial results of the Company are communicated to the Stock Exchanges immediately after they are considered and approved by the Board of Directors and are published in the prominent newspapers usually in 'Financial Express' in English and in 'Sangbad Nazar' and 'Sukhabar' in Bengali.

Detailed presentations, if any, made to institutional investors and financial analysts are sent to the Stock Exchanges.

The Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Auditors' Report and other important information are circulated to members.

A separate section namely 'Investor Relations' have been dedicated on the website of the Company http://mcnallysayaji.com where all the above information's/details are available. It also displays the official news releases if any. The Company has also designated the following email id exclusively for investor services: saikat.ghosh2@mbecl.co.in.

Annexure C

General Shareholder Information

a. 75th Annual General meeting to be held:

Day, Date, time and venue:

Day	:	Wednesday
Date	:	September 25, 2019
Time	:	11.00 a.m
Venue	:	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160

b. Financial Year	:	1st April to 31st March
First Quarter Results	:	On or before 14th August 2019
Second Quarter Results	:	On or before 14th November 2019
Third Quarter Results	:	On or before 14th February 2020
Audited Yearly Results for the Year ended 31 March, 2020	:	On or before 30th May, 2020
c. Period of Book Closure	**:**	September 19, 2019 to September 25 2019 (both days inclusive)

d. Listing on Stock Exchanges:

The company's shares got enlisted with Metropolitan Stock Exchange of India, Vibgyor Towers, 4th Floor, Plot No C-62, Bandra Kurla Complex, Bandra (E), Mumbai – 400098**.**The symbol allotted by the said Stock Exchange is MNSEL. The International Securities Identification Number (ISIN) for the Company's shares in dematerialized form is INE105E01011.

The Company has paid the annual listing fees for the financial year 2019-20 to Metropolitan Stock Exchange of India.

e. Market Price Data:

There was no trading in the company's shares at the Stock Exchanges where the shares of the company were listed during the Financial Year 2018-19 and, hence, no share price data is provided.

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 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:

The activities and compliance related to share transfer is managed by M/s. Maheshwari Datamatics Private Limited, Registrar & Transfer Agent (RTA) of the Company. The Company's registrar processes transfer/transmission/ dematerialization/rematerializaton/duplicate issue requests etc within statutory time limits.

A summary of the transfer, transmissions, dematerialization, re-materialization, etc. is placed before the Board at each meeting. The Company obtains a half yearly certificate from a Practicing Company Secretary on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Regulation 40(9) of the Listing Regulations.

Reconciliation of Share Capital audit is conducted every quarter by a Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The report is submitted to the stock exchanges and is also placed before the Board of Directors.

Annexure C

h. Distribution of Shareholding as on March 31, 2019

No. of Shares	No. of holders	% of total holders	No. of shares	% of total shares
1 to 500	672	86.05	168759	1.34
501 to 1000	55	7.05	48500	0.39
1001 to 2000	20	2.56	31310	0.25
2001 to 3000	3	0.38	6700	0.05
3001 to 4000	5	0.64	18300	0.15
4001 to 5000	5	0.64	24300	0.19
5001 to 10000	6	0.76	39300	0.31
10001 and above	15	1.92	12252104	97.32
Total	781	100.00	12589273	100.00

i. Pattern of Shareholding as on March 31, 2019:

	Category	No. of Holders	No. of Shares	% of total shares
1	Promoter & Promoter Group			
	- Individual/HUF (Indian)	-	-	
	- Bodies Corporate (Indian)	3	10,340,724	82.14
	- Individual/HUF (Foreign)	-	-	
	- Bodies Corporate (Foreign)	-	-	
2	Mutual Funds	-	-	
3	Financial Institutions/Banks	-	-	
4	Insurance Companies	-	-	
5	Foreign Institutional Investors	1	1,340,000	10.65
6	Domestic Companies	12	4,90,670	3.90
7	Foreign Companies	-	-	
8	Resident Individual	757	3,05,079	2.42
9	Non Resident Individual	7	50,800	0.40
10	IEPF Authority	1	62,000	
Total		**868**	**1,25,89,273**	**100**

k. Dematerialization of Shares:

PARTICULARS	HOLDERS	SHARES	PERCENTAGE%
PHYSICAL	453	3,781,400	30.06
NSDL	196	8,238,353	65.46
CDSL	138	5,63,520	4.48
TOTAL	**787**	**12,589,273**	**100**

m. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments:

There is no outstanding GDRs/ADRs/Warrants at the end of the current financial year.

n. Company's factories are located at following places:

i. Savli Industrial Estate,GIDC,Plot No.75-79B,Post Alindra, Dist Vadodara, Gujarat - 391775

ii. Kumardhubi, Dist: Dhanbad, Jharkhand - 828203

iii. Plot No. M 16, ADDA Industrial Area, P.O R.k Mission, Asansol - 713305, West Bengal

iv. Plot No.313, Survey No. 72 & 76, 3rd Phase, Malur Industrial Area, Nosigere Taluk, Kolar District, Malur-563130, Karnataka

Annexure C

o. Address of Correspondence:

The Company's Registered Office is situated at : Campus 2B, Ecospace Business Park,
11F/12, Rajarhat, Newtown,Kolkata – 700160 .
Shareholders' correspondence should be addressed to:

McNally Sayaji Engineering Limited:

Campus 2B, Ecospace Business Park,
11F/12, Rajarhat, Newtown,Kolkata – 700160 .
Contact person : Company Secretary
Telephone Nos: +9133 3014 1213
Fax No: +9133 3014 2393, E-mail: mse.corp@mbecl.co.in

Registrar and Share Transfer Agent

Maheshwari Datamatics Private Limited

23 R N Mukherjee Road, 5^{th} Floor, Kolkata – 700001
Contact person: Mr. S. Rajagopal, Vice President
Telephone Nos: +9133 2248 2248 , 2243-5029
Fax No: 2248-4787, E-mail: mdpldc@yahoo.com

p. Certificate from Practising Company Secretary

In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company has obtained a certificate from Ms. Bidisha Achari, Practising Company Secretary certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority and such certificate forms part of this report.

q. Fees paid to the Statutory Auditors and network firms for all services

During the year ended 31st March, 2019, the Company has availed the services of the Statutory Auditors and made the following payments together with its subsidiary company :

Services availed	Payment (Rs.)
Statutory Audit for the FY 2018-19	54,50,000

r. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year ended 31st March, 2019 :

No. of complaints filed during the financial year	Nil
No. of complaints disposed of during the financial year	Nil
No. of complaints pending as on end of the financial year	Nil

q. Credit Ratings:

No credit rating was obtained by the company during 2018-19.

Compliances

Mandatory Requirements

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Adoption of non-mandatory requirements under Listing Regulations

The Board :

During the year under review, no expenses were incurred in connection with the office of the Chairman.

Annexure C

Shareholders Rights :

The quarterly and half-yearly financial results are published in widely circulated dailies and also displayed on Company's website www.mcnallysayaji.com. Hence, half yearly performance including summary of the significant events are not individually sent to the Shareholders.

Modified Opinion(s) in Audit Report:

The opinions given in the Auditors' Report on Financial Accounts are adequately dealt with in Directors' Report.

Separate posts of Chairman and CEO:

At present the entity does not have any designated Chairman or CEO.

Reporting of Internal Auditor:

The internal auditor reports to audit committee.

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

On behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Certificate by Whole-time Director & Chief Financial Officer

To

The Board of Directors,

McNally Sayaji Engineering Limited

We, Pradip Kumar Tibdewal , Wholetime Director and Uttam Tekriwal, CFO of **McNally Sayaji Engineering Limited**, to the best of our knowledge and belief certify that:

a) The financial statements and the Cash Flow Statement for the year have been reviewed and to the best of our knowledge and belief:

  (i) these statements do not contain any untrue statement of material fact, have not omitted any material fact and do not contain any statement that is misleading;

  (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.

b) To the best of our knowledge and belief no transactions entered into by the company during the year are fraudulent, illegal or violate the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee:

  i) Significant changes in the internal control over financial reporting during the year

  ii) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

  iii) There have been no instances of significant fraud either by the management or an employee having a significant role in the Company's internal control system of financial reporting.

Place: Kolkata	**Pradip Kumar Tibdewal**	**Uttam Tekriwal**
Date: 30.05.2019	Wholetime Director	CFO

Certificate on Corporate Governance of Mcnally Sayaji Engineering Limited

To

The Members,

MCNALLY SAYAJI ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by MCNALLY SAYAJI ENGINEERING LIMITED (''the Company") for the year ended on 31st March, 2019, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V to 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 of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clauses and/or Regulations. 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 knowledge, information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

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

For **MKB & Associates**
Company Secretaries
Bidisha Achari
(Partner)
ACS no. 48482
COP no. 18198
FRN: P2010WB042700

Date: August 14, 2019
Place: Kolkata

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To
The Members,
McNally Sayaji Engineering Limited,

Based on our verification of the books, papers, registers, forms, returns, disclosures received from the Directors and other records maintained by McNally Sayaji Engineering Limited, having its Registered office at Campus 2B, Ecospace Business Park, 11F/12, Rajarhat, Newtown, Kolkata - 700 160, West Bengal ("the Company") and also the information provided by the Company, its officers, agents and authorized representatives for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the verification of the portal www.mca.gov.in, including Directors Identification Number (DIN) status at the portal, we hereby certify that during the Financial Year ended on March 31, 2019, in our opinion, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such Statutory Authority.

It is the responsibility of the management of the Company for ensuring the eligibility for the appointment/ continuity of every director on the board of the Company. Our responsibility is to express an opinion on these based on our verification

For **MKB & Associates**
Company Secretaries
Bidisha Achari
(Partner)
ACS no. 48482
COP no. 18198
FRN: P2010WB042700

Date: August 14, 2019
Place: Kolkata

Annexure D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To

The Members,

MCNALLY SAYAJI ENGINEERING LIMITED

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period for the financial year ended on 31st March, 2019, generally 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, to the extent applicable, according to the provisions of:

i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;

iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;

iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;

v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

   a) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011

   b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations2015

   c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

   e) The Securities & Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008

   f) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

   g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

   h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998

   i) The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vi) Other than fiscal and labour laws which are generally applicable to all manufacturing companies, the following laws/ acts are also, inter alia, applicable to the Company:

   a) The Environment (Protection) Act, 1986

   b) The Water (Prevention and Control of Pollution) Act, 1974

Annexure D

c) The Air (Prevention and Control of Pollution) Act, 1981

d) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that the public shareholding in the Company was below the minimum as stipulated in Rule 19A of the Securities Contract (Regulation) Rules, 1957 read with Regulation 38 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We further report that:

a) 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.

b) 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.

c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report thatthere 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.

We further report that during the audit period the Company has passed the following special resolutions:

a) for approval of transactions with its holding company, McNally Bharat Engineering Company Limited, upto an amount of Rs. 300 crore for the financial year 2018-19 under Section 188 of the Act;

b) for appointment of Mr. Pradip Kumar Tibdewal as Whole-time Director of the company for a period of three years from 1st November, 2017;

c) for re-appointment of Mr. Padam Kumar Khaitan as independent director of the Company for a further period of five years.

We further report that during the audit period the Company has:

a) issued 18,00,000 equity shares to its holding company, McNally Bharat Engineering Company Limited, pursuant to conversion of equal number of 1% Compulsorily Convertible Preference Shares on 14thAugust, 2018;

b) changed the situation of its Registered Office from 4 Mangoe Lane, Kolkata – 700 001 to Campus 2B, Ecospace Business Park, 11F/12,Rajarhat, Newtown, Kolkata - 700 160 with effect from 1st April, 2019.

This report is to be read with our letter of even date which is annexed as Annexure – 1 which forms an integral part of this report.

For **MKB & Associates**
Company Secretaries

Bidisha Achari
(Partner)
ACS No. 48482
COP No. 18198
FRN: P2010WB042700

Place: Kolkata
Date: 14th August, 2019

Annexure - 1

To

The Members,

MCNALLY SAYAJI ENGINEERING LIMITED

Our report of even date is to be read along with this letter.

1. It is management's responsibility to identify the Laws, Rules, Regulations, Guidelines and Directions which are applicable to the Company depending upon the industry in which it operates and to comply and maintain those records with same in letter and in spirit. Our responsibility is to express an opinion on those records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **MKB & Associates**
Company Secretaries

Bidisha Achari
(Partner)
ACS No. 48482
COP No. 18198
FRN: P2010WB042700

Place: Kolkata
Date: 14th August, 2019

Secretarial Audit Report of material subsidiary company MBE Coal & Mineral Technology India Private Limited as per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with

Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members,
MBE Coal & Mineral Technology India Private Limited
Ecospace Campus, 2B/11F/12 (Old Plot No. AA II/BLK - 3)
New Town, Rajarhat, Kolkata – 700156
West Bengal, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MBE Coal & Mineral Technology India Private Limited (CIN: U27100WB2009PTC137428) having its Registered Office at Ecospace Campus, 2B/11F/12 (Old Plot No. AA II/BLK-3), New Town, Rajarhat, Kolkata – 700156, West Bengal, India (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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2019 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:

Auditors' Responsibility

Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on existence of adequate Board process and compliance management system, commensurate to the size of the Company, based on these secretarial records as shown to me during the said audit and also based on the information furnished to me by the officers and the agents of the Company during the said audit.

I have followed the audit practices and processes as were appropriate to the best of my understanding to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of the Board and of the members of the Company and of other authorities as per the provisions of various statues as mentioned hereinafter.

Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of compliance procedures on test basis.

My report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

I report that, I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2019 according to the provisions of:

The Companies Act, 2013 (the Act) and the rules made thereunder;

Secretarial Standards as issued by the Institute of Company Secretaries of India;

The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

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

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

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has informed that there are no laws which are specifically applicable to the Company.

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

The Company is yet to implement a few provisions of applicable Secretarial Standards.

I further report that:

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act except that Form DIR-12 was filed for appointment of whole-time director as additional director. However, as per the explanation given by the management, the Company will regularize the appointment of whole-time director in the forthcoming general meeting.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

All the resolutions at Board Meetings have been duly passed with the consent of all the directors. Therefore, the question of recording dissenting members' views in the minutes does not arise.

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 period under review, provisions of the following regulations/guidelines were not applicable to the Company:

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009;

The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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;

The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

Jatin Biswakarma
Practicing Company Secretary
ACS – 31174 / C.P. No. – 19922

Place: Kolkata
Dated: 05.07.2019

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.Pradip Kumar Tibdewal - Whole Time Director	Rs.1,03,71,940	25.29:1

Non Executive Directors

	Remuneration	Ratio to the median remuneration
Mr. Padam Kumar Khaitan - *Independent Director*	-	-
Mrs. Tehnaz Punwani - *Independent Director*	-	-
Mr.Aditya Khaitan - Non Executive Director	-	-
Mr. Srinivash Singh - *Non Executive 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.Aditya Khaitan	Non Executive Director	Nil
Mr. Padam Kumar Khaitan upto 15.02.2019	Independent Director	Nil
Mr. Srinivash Singh	Non Executive Director	Nil
Mrs. Tehnaz Punwani upto 16.05.2019	Independent Director	Nil
Mr.Pradip Kumar Tibdewal	Whole Time Director	3%
Mr. Uttam Tekriwal	Chief Financial Officer	5%
Mr.Saikat Ghosh	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:269

(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) =5%

Percentile increase in the managerial remuneration in the last financial year (including CFO & CS) = 3%

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

The remuneration paid during the financial year ended March 31, 2019, is in terms of the Remuneration Policy of the Company.

On behalf of the Board of Directors

Place : Kolkata
Dated : August 14, 2019

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Annexure E

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

Name	Designation	Permanent or Contractual	Qualifications	Total Experience	DoJ	Age	Previous Employment & Designation	CTC
Mr. Mohan Bhasker	Sr. Vice president	Permanent	B.E	32	03-May-1993	55	Karthik Electrical, Business. Manager	67.16
Mr. Uttam Tekriwal	Chief Finance Officer.	Permanent	Chartered Accountant	29	01-Sep-2009	52	Duncans Tea Ltd.	48.06
Mr. Praveen P Deshmukh	COO	Permanent	BE – Mechanical	35	14-feb-2012	55	TRF Ltd .Chief (BHMS)	40.89
Mr. Sanjay Kumar	Asso. VP	Permanent	Diploma in Mech Engg	33	8-Mar-2018	55	TRF Deputy Chief (AGM)	30.07
Mr. S. Chattopadhyaya	Unit Head	Contractual	M Tech	38	16-Aug-2016	63	SMS India Pvt Ltd., Consultant -Head -QA	25.20
Mr. Nirmal Kumar Rout	GM Finance	Permanent	Chartered Accountant	24	18-Oct-2010	49	Swastik Pipes Ltd (CFO)	21.41
Mr.Nakul Kuri	AGM Research & Dev	Permanent	BE Mechanical	22	10-Mar-2010	44	Alstom Hydro(Design Engineer)	20.23
Mr.Rajesh Kumar Sinha	GM Marketing	Permanent	BE Mech	28	23-Oct-1992	51	Mcnally Bharat Engineering Co Ltd	17.27
Mr. R Balajikanth	AGM	Permanent	BE	24	28-Jun 2007	44	Telecon Valley (Functional Consultatnt)	17.26
Mr. SK Nisarul Haque	GM Engineering	Permanent	M Tech	25	02 –Jan-2001	49	F Harley & Co Pvt Ltd. (Sr. Executive)	17.26

Annexure F

Remuneration Policy

1. **Preamble**

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

   The Nomination and Remuneration Committee set up, pursuant to above Section is to formulate the criteria for determining qualifications and positive attributes and independence of a Director and recommend to the Board the above Policy for adoption. Schedule II Part D (A) of the SEBI (LODR) Regulations, 2015 also contains a similar provision. Additionally it requires, a Policy on Board diversity. The Company is also required to disclose the Remuneration Policy in its Annual Report.

2. **Policy**

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

3. **Policy Objectives**

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

   a. The Remuneration Policy aims to enable the company to attract, retain and motivate appropriately qualified Persons/Members for the Board and Executive level.

   b. The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account Shareholder interests, industry standards and relevant Indian corporate regulations.

   c. The Remuneration Policy seeks to ensure that the interests of the Board Members and Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.

   d. The Remuneration Policy will ensure that the remuneration to Directors and Executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

4. **Principles of Remuneration**

   I. **Transparency:**

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

   II. **Performance Driven Remuneration:**

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

   III. **Affordability and Sustainability:**

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

   IV. **Flexibility:**

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

   V. **Internal Equity:**

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

   VI. **External Equity:**

   With a review to retain the best talents, the Company shall on a continuous basis procure information relating to

Annexure F

market trend of remuneration packages being offered by various Companies in the same sector and try to match the remuneration accordingly.

VII. Non-Monetary Benefits:

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

5. Remuneration for Directors in Whole Time Employment

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

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

a) Basic Salary:

The basic salary shall be fixed within a salary grade.

b) Bonus:

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

c) Reimbursement:

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

d) Variable Pay and Other Benefits:

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

e) Sitting Fees:

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

6. Remuneration of Non- Executive Directors

I. Sitting Fees:

The Non-Executive Directors shall be paid Sitting Fees for attending the Board and Committee Meetings as may be approved by the Board based on the recommendation of the Nomination and Remuneration Committee subject to the ceiling fixed in the Companies Act, 2013. They are also 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, retireal benefits and other perquisites and allowances etc. shall be as per the Company's HR policies.

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

8. Role of Nomination & Remuneration Committee

The role and responsibilities of the Nomination and Remuneration Committee shall be as prescribed in Section 178 of

Annexure F

the Companies Act, 2013 and Schedule II Part D (A) of the SEBI (LODR) Regulations, 2015.

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

9. 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.

10. 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.

11. 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.

12. 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

Place : Kolkata	**Pradip Kumar Tibdewal**	**Srinivash Singh**
Dated : August 14, 2019	*Whole Time Director*	*Director*

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 Regulation 34 read with Schedule V(C)(4)(d) of the SEBI (LODR) Regulations,2015 :

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 31.03.2019

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	Ecospace Business Park, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160 Ph: 033 - 30141213, W: http://mcnallysayaji.com/ e: mse.corp@mbecl.co.in
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23 , R.N Mukherjee Road, Kolkata - 700001 Ph: 033 - 22482248

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)

Sl. 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	40.00%
	b. Ball Mill-Machinery / Spares	28230	10.00%
2	Material Handling and Conveying Plant / Machinery / Spares	28162	32.00%
3	Projects/ Special Equipments	28299	10.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	McNally Bharat Engineering Company Limited	L45202WB1961PLC025181	Holding	81.56*	2(46)
2	MBE Coal & Mineral Technology India Private Limited	U27100WB2009PTC137428	Subsidiary	100	2(87)

* It included 36,00,000 equity shares which are not listed. The listed equity held by the company is presently 74.18%.

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 [As on 1-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% 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.	68,01,724	18,00,000	86,01,724	79.72%	67,40,724	36,00,000	1,03,40,724	82.14%	2.42%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A)(1)	**68,01,724**	**18,00,000**	**86,01,724**	**79.72%**	**67,40,724**	**36,00,000**	**1,03,40,724**	**82.14%**	**2.41%**
(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)	**68,01,724**	**18,00,000**	**86,01,724**	**79.72%**	**67,40,724**	**36,00,000**	**1,03,40,724**	**82.14%**	**2.42%**
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	4,35,290	-	4,35,290	4.03%	4,90,670	-	4,90,670	3.90%	-0.14%
ii) Overseas	13,40,000	-	13,40,000	12.42%	13,40,000	-	13,40,000	10.64%	-1.78%

Annexure G

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% 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	1,46,659	1,87,300	3,33,959	3.10%	1,49,179	1,55,900	3,05,079	2.42%	-0.67%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)					-	-			
Non Resident Indians	25,000	25,500	50,500	0.47%	25300	25500	50,800	0.40%	-0.07%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
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%
IEPF Authority	27,800	-	27,800	0.26%	62000	0	62,000	0.49%	0.23%
Sub-total (B)(2):-	19,74,749	2,12,800	21,87,549	20.28%	20,67,149	1,81,400	22,48,549	17.86%	-2.41%
Total Public (B)	19,74,749	2,12,800	21,87,549	20.28%	20,67,149	1,81,400	22,48,549	17.86%	-2.41%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	**87,76,473**	**20,12,800**	**1,07,89,273**	**100.00%**	**88,07,873**	**37,81,400**	**1,25,89,273**	**100.00%**	**0.00%**

Annexure G

(ii) Shareholding of Promoter

SN	Shareholder's 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	85,29,698	79.06%	27.40%	1,02,68,698	81.57%	22.76%	2.50%
2	EMC Limited	36,013	0.33%	0	36,013	0.29%	0	-0.05%
3	Williamson Magor & Co. Limited	36,013	0.33%	0	36,013	0.29%	0	-0.05%

(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	01-Apr-18		85,29,698	79.06%		0.00%
	Changes during the year	25-May-18	Transfer	61,000	0.57%	(61,000)	-0.57%
		14-Aug-18	Allot	18,00,000	14.29%	18,00,000	14.29%
	At the end of the year	31-Mar-19				1,02,68,698	81.57%
2	Williamson Magor & Co. Limited						
	At the beginning of the year	01-Apr-18		36,013	0.33%	-	0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-19		-		36,013	0.29%
3	EMC Limited						
	At the beginning of the year	01-Apr-18		36,013	0.33%	-	0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-19		-		36,013	0.29%

Annexure G

(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	01-Apr-18		13,40,000	12.42%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	13,40,000	10.64%
2	Anushika Investments Pvt Ltd						
	At the beginning of the year	01-Apr-18		1,60,000	1.48%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	1,60,000	1.27%
3	Swaran Financial Pvt Ltd						
	At the beginning of the year	01-Apr-18		1,20,000	1.11%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	1,20,000	0.95%
4	IEPF Authority						
	At the beginning of the year	01-Apr-18		27,800	0.25%		
	Changes during the year	07-Dec-18	Transfer	33,300			
		21-Dec-18	Transfer	900			
	At the end of the year	31-Mar-19				62,000	0.49%
5	Anushreya Investments Pvt. Ltd.						
	At the beginning of the year	01-Apr-18		55,000	0.51%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	55,000	0.44%
6	Sagun Dealer Pvt. Ltd.						
	At the beginning of the year	01-Apr-18		48,000	0.44%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	48,000	0.38%
7	York Financial Services Pvt Ltd.						
	At the beginning of the year	01-Apr-18		42,000	0.39%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	42,000	0.33%
8	Kailsh Agarwal						
	At the beginning of the year	01-Apr-18		25,000	0.23%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	25,000	0.20%
9	Ridhi Sidhi Distributor Pvt Ltd						
	At the beginning of the year	01-Apr-18		-	0.00%	-	0.00%
	Changes during the year	25-May-18	Transfer	15,000	0.14%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	15,000	0.12%
10	Trade City Barrier Pvt Ltd						
	At the beginning of the year	01-Apr-18		-	0.00%	-	0.00%
	Changes during the year	25-May-18	Transfer	15,000	0.14%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	15,000	0.12%

Annexure G

(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	01-Apr-18		200	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the y	31-Mar-19		-	0.00%	200	0.00%

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	15,579.00	3,995.00	-	19,574.00
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due		-	-	-
Total (i+ii+iii)	15,579.00	3,995.00	-	19,574.00
Change in Indebtedness during the financial year				
* Addition	2,261.00	1,913.00	-	4,174.00
* Reduction	1,366.00	915.00	-	2,281.00
Net Change	895.00	998.00	-	1,893.00
Indebtedness at the end of the financial year				
i) Principal Amount	16,474.00	4,993.00	-	21,467.00
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due		-	-	-
Total (i+ii+iii)	**16,474.00**	**4,993.00**	**-**	**21,467.00**

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 Rs.
	Name	Pradip Kumar Tibdewal Rs.	
	Designation	WTD	
1	Gross salary	99,39,940.00	99,39,940.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(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	-	-

Annexure G

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount Rs.
	Name	Pradip Kumar Tibdewal Rs.	
	Designation	WTD	
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others (PF & other funds)	4,32,000.00	4,32,000.00
	Total (A)	**1,03,71,940.00**	**1,03,71,940.00**

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount (Rs/Lac)
		Mr. Padam Kumar Khaitan	Mrs. Tehnaz Punwani	
1	Independent Directors*			
	Fee for attending board / committee meetings	-	-	
	Commission	-	-	
	Others, please specify	-	-	
	Total (1)	-	-	
2	Other Non-Executive Directors	**Mr.Aditya Khaitan**	**Mr.Srinivash Singh**	
	Fee for attending board committee meetings	-	-	
	Commission	-	-	
	Others, please specify			
	Total (2)	-	-	
	Total (B)=(1+2)	-	-	
	Total Managerial Remuneration			1,03,71,940.00
	Overall Ceiling as per the Act⁺			1,20,00,000.00

*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.Pradip Kumar Tibdewal is a professional director and have no interest in the Capital of the Company. His remuneration was approved by the shareholders at the 74th AGM of the company held on 25.09.2018. His remuneration is within the limits specified in Schedule V of the Act.

Annexure G

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD				
SN.	Particulars of Remuneration Name	Name of Key Managerial Personnel		Total Amount
		Mr. Uttam Tekriwal	Saikat Ghosh	(Rs/Lac)
	Designation	**CFO**	**CS**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48,06,040.00	5,34,040.00	53,40,080.00
	(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	**48,06,040.00**	**5,34,040.00**	**53,40,080.00**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD / NCLT/ COURT]**	**Appeal made, if any (give Details) 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

Place : Kolkata
Dated : August 14, 2019

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

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 2018-19, 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 goods & services: - Nil

Sale of products and services: Rs. 2278.92 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

Place : Kolkata
Dated : August 14, 2019

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of McNally Sayaji Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion Section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

i) The Company has recognised deferred tax assets aggregating to Rs. 5,397 lakhs as at 31 March, 2019 and Rs. 1,180 lakhs during the year then ended. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12 has not been met. Consequently losses for the year is understated by Rs. 1,180 lakhs, accumulated deficit is understated by Rs. 5,397 lakhs and Deferred Tax assets is overstated by Rs. 5,397 lakhs.

ii) The Company has issued a corporate guarantee of Rs. 5,950 lakhs to the lenders against the loans taken by its holding Company, McNally Bharat Engineering Company Limited. The review report of the Holding Company included an adverse opinion related to going concern for the nine months ended 31 December, 2018. No provision has been considered by the management of the Company for the likelihood of the devolvement of the guarantee on the Company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Material uncertainty related to Going Concern

We draw attention to note 46 of the standalone Ind AS financial statements, wherein the Company has incurred net loss of Rs. 3,255 lakhs during the year ended 31 March, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by 9,072 lakhs. Further, the Company was unable to discharge its obligations for repayment of loans, thereby breaching related loan covenants. The Company's Management is currently in discussion with the lenders for carrying out a debt restructuring proposal.

These events and conditions indicate a material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring plan, which is not wholly within the control of the Company.

The Management of the Company has prepared the financial statements on going concern basis based on their assessment of the successful outcome of the restructuring proposal and accordingly no adjustments has been made to the carrying value of the assets and liabilities and their presentation/classification in the Balance Sheet.

Independent Auditors' Report

Our opinion is not modified on this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition** Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred. Refer Note 2.4 to the Standalone Financial Statements - Significant Accounting Policies.	Principal audit procedures performed: Our audit approach was a combination of test of internal controls and substantive procedures including • Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof. • Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. • Evaluating the design and implementation of Company's controls in respect of revenue recognition. • Testing the effectiveness of such controls over revenue cut off at year-end. • Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Notice to the Annual General Meeting, Directors' report including Annexures to Directors' Report, but does not include the standalone financial statements and our auditor's report thereon. The Notice to the Annual General Meeting, Directors' report including Annexures to Directors' Report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Notice to the Annual General Meeting, Directors' report including Annexures to Directors' Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Independent Auditors' Report

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements

Independent Auditors' Report

may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit that:

   a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion section above, 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 Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion section above , the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) The matter described in the Basis for Qualified Opinion section above and Material uncertainty related to Going Concern section, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, except 1 Director of the Company, none of the directors is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

   h) 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". Our report expresses qualified opinion on the operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

Independent Auditors' Report

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

A. Bhattacharya
Partner
(Membership No. 054110)

Place: Kolkata
Date: May 30, 2019

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of McNally Sayaji Engineering Limited ("the Company") as of 31 March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Basis for Qualified opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at 31 March, 2019, with respect to the Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the carrying amount of deferred tax and determination of provisions for the likelihood of the devolvement of the Corporate guarantee.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31 March, 2019, 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, and because of the possible effects of the material weaknesses described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were not operating effectively as of 31 March, 2019.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended 31 March, 2019, and the material weakness has resulted in an qualified opinion on the said standalone financial statements of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

A. Bhattacharya
*Partne*r
(Membership No. 054110)

Place: Kolkata
Date: May 30, 2019

Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and indenture provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the land and building	Gross Block (as at 31 March, 2019)- Rs in lakhs	Net Block (as at 31 March, 2019)-Rs in lakhs	Remarks
Freehold land located at Kumardhubi disclosed as fixed asset in the financial statements and measuring 10.20 acres	256.16	256.16	The title deeds are in the name of Mc Nally Bird Engineering Company Limited, which was renamed as McNally Bharat Engineering Company Limited with effect from 13 December, 1972. The product division of Mc Nally Bharat Engineering Company Limited was demerged in terms of the approval of the Honorable Calcutta High Court on 28 July, 2009.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except the following:

Particulars of the land and building	Gross Block (as at 31 March, 2019)- Rs in lakhs	Net Block (as at 31 March, 2019)-Rs in lakhs	Remarks
Leasehold land located at Kumardhubi disclosed as fixed asset in the financial statements and measuring 17.82 acres	421.24	421.24	The title deeds are in the name of Mc Nally Bird Engineering Company Limited, that was renamed as McNally Bharat Engineering Company Limited with effect from 13 December, 1972. The product division of Mc Nally Bharat Engineering Company Limited was demerged in terms of the approval of the Honorable Calcutta High Court on 28 July, 2009.
Leasehold land located at Asansol disclosed as fixed asset in the financial statements and measuring 5 acres	330.06	330.06	The title deeds are in the name of Mc Nally Bharat Engineering Company Limited. The product division of Mc Nally Bharat Engineering Company Limited was demerged in terms of the approval of the Honorable Calcutta High Court on 28 July, 2009.

(ii) As explained to us, the inventories excluding stocks with third parties were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventory lying with third parties, these have substantially been confirmed by them.

(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 Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

Annexure 'B' to the Independent Auditors' Report

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and has no unclaimed deposits at the beginning of the year as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for manufacture and sale of its products. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. The Company has been regular in depositing undisputed statutory dues like Customs Duty and cess.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on 31 March, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. In lakhs)	Amount unpaid (Rs. In lakhs)
Income Tax Act, 1961	Income Tax	Commissioner Income Tax(Appeals)	2009-10 2010-11 2012-13 2014-15	2,370.07	683.84
	Income Tax	Income Tax Appellate Tribunal	2008-09	1,006.56	226.29
	Total			**3,376.63**	**910.13**
Central Excise Act, 1944	Excise Duty	CESTAT, Kolkata	1990-91	6.70	6.70
	Excise Duty	Deputy Commissioner , Dhanbad	1992-93 to 1995-96	50.28	50.28
	Excise Duty	Assistant Commissioner , Dhanbad	1996-97	28.32	28.32
	Excise Duty	Commissioner of Central Excise & Service Tax(Appeals), Siliguri Appeal Commissionerate	2011-12, 2012-13, 2013-14, 2014-15	55.40	51.24
	Excise Duty	Commissioner (Appeal), Ranchi	2011-12	32.44	31.14
	Excise Duty	Commissioner (Appeals), Baroda	2012-13, 2013-14	46.96	19.96
	Total			**220.10**	**187.64**
Finance Act, 1994	Service Tax	Commissioner of Central Excise & Service Tax(Appeals), Siliguri Appeal Commissionerate	2011-12, 2012-13	19.62	15.68
	Service Tax	Assistant Commissioner, Dhanbad	2012-13 to 2015-16	2,239.13	2,239.13
	Total			**2,258.75**	**2,254.81**
Bihar Finance Act 1981	Sales Tax	Deputy Commissioner of Commercial Taxes, Chirkunda	1991-92, 1992-93, 2004-05	20.25	20.25
Central Sales Tax 1956	Sales Tax	Commissioner of Commercial Taxes, Ranchi	2006-07 to 2010-11, 2012-13 to 2014-15	2,442.19	2,279.44

Annexure 'B' to the Independent Auditors' Report

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (Rs. In lakhs)	Amount unpaid (Rs. In lakhs)
Jharkhand Value Added Tax, 2005	Sales Tax	Commissioner of Commercial Taxes, Ranchi	2007-08 to 2008-09, 2012-13 to 2014-15, 2016-17	130.55	121.60
	Sales Tax	Joint Commissioner of Commercial Taxes, Dhanbad	2011-12	11.71	9.71
Central Sales Tax, 1956	Sales Tax	Joint Commissioner of Commercial Taxes, Dhanbad	2011-12	156.16	131.16
	Sales Tax	Senior Joint Commissioner, (Appeals), Commercial Taxes, Kolkata	2010-11 to 2012-13	490.27	490.27
	Sales Tax	West Bengal Taxation Tribunal	2010-11	258.06	258.06
	Total			**3,509.19**	**3,310.49**

There are no disputed dues with respect to Custom Duty.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government, except as under:

Particulars	Amount of default of repayment as on 31 March, 2019 (Rs in lakhs)		Period of default
	Principal	Interest	
Dues to Banks:			
ICICI Bank (Term Loan)	-	38.69	30 January, 2019 onwards
	-	35.02	27 February, 2019 onwards
	-	33.36	30 March, 2019 onwards
DBS Bank (Term Loan)	125.00	-	02 October, 2018 onwards
	125.00	-	02 January, 2019 onwards
	-	10.60	30 September, 2018 onwards
	-	9.66	31 October, 2018 onwards
	-	9.35	30 November, 2018 onwards
	-	9.66	31 December, 2018 onwards
	-	9.66	31 January, 2019 onwards
	-	8.73	28 February, 2019 onwards
	-	9.66	31 March, 2019 onwards
DBS Bank (Overdraft facilities)	-	16.83	30 September, 2018 to 03 May, 2019
	-	17.19	31 October, 2018 to 14 May, 2019
	-	16.21	30 November, 2018 onwards
	-	16.93	31 December, 2018 onwards
	-	17.31	31 January, 2019 onwards
	-	13.85	28 February, 2019 onwards
	-	17.43	31 March, 2019 onwards
IDBI Bank (Cash Credit facilities)	-	20.96	31 October, 2018 to 16 April, 2019
	-	19.70	30 November, 2018 to 23 April, 2019
	-	20.55	31 December, 2018 to 24 April, 2019
	-	20.94	31 January, 2019 onwards
	-	19.64	28 February, 2019 onwards
	-	24.87	31 March, 2019 onwards
Total	**250.00**	**416.80**	

Annexure 'B' to the Independent Auditors' Report

The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

A. Bhattacharya
Partner
(Membership No. 054110)

Place: Kolkata
Date: May 30, 2019

Standalone Balance Sheet as at 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	13,555	14,737
Capital work-in-progress	4	24	*
Investment properties	5	364	378
Other intangible assets	6	*	34
Financial assets			
Investments	7	2,700	2,700
Trade receivables	8	644	689
Deferred tax assets	15	5,397	4,217
Other non-current assets	11	138	142
Total non-current assets		**22,822**	**22,897**
Current assets			
Inventories	12	10,018	13,814
Financial assets			
Trade receivables	8	7,414	9,067
Cash and cash equivalents	9	316	330
Bank balances other than above	10	271	152
Current Tax Assets (Net)	14	292	287
Other current assets	13	1,061	1,180
Total current assets		**19,372**	**24,830**
Total assets		**42,194**	**47,727**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,259	1,079
Other equity			
Compulsorily convertible preference shares	16	-	180
Reserves and surplus	17	7,764	11,104
Total equity		**9,023**	**12,363**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	4,564	3,108
Employee benefit obligations	23	163	141
Total non-current liabilities		**4,727**	**3,249**
Current liabilities			
Financial Liabilities			
Borrowings	19	14,902	14,840
Trade payables	21		
A Total Outstanding Dues of Micro Enterprises and Small Enterprises		21	108
B Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		5,839	11,071
Other financial liabilities	20	3,379	2,772
Provisions	22	69	81
Employee benefit obligations	23	309	256
Other current liabilities	24	3,925	2,987
Total current liabilities		**28,444**	**32,115**
Total liabilities		**33,171**	**35,364**
Total equity and liabilities		**42,194**	**47,727**

* amount is below rounding off norm adopted by Company
See accompanying notes forming part of the financial statements.
In terms of our report attached

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Standalone Statement of Profit & Loss for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from operations	26	21,857	21,942
Other income	27	1,023	433
Total income		**22,880**	**22,375**
EXPENSES			
Cost of materials consumed	28	8,777	8,823
Purchases of stock-in-trade		2,411	2,530
Changes in inventories of work-in-progress and finished goods	29	1,414	(214)
Excise duty		-	442
Employee benefit expense	30	2,714	2,725
Finance costs	33	3,338	3,302
Depreciation and amortisation expense	31	1,247	1,626
Other expenses	32	4,793	7,703
Total expenses		**24,694**	**26,937**
Profit/(Loss) before Tax and exceptional items		**(1,814)**	**(4,562)**
Exceptional items	46	**(2,591)**	**-**
Profit/(Loss) before Tax		**(4,405)**	**(4,562)**
Income tax expense	34		
- Current tax		-	-
- Deferred tax Charge/(Credit)		(1,150)	(1,140)
Total tax expense		(1,150)	(1,140)
Profit / (Loss) for the year		**(3,255)**	**(3,422)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations		(115)	62
Income Tax relating to these items	34	30	(19)
Other comprehensive income for the year, net of tax		(85)	43
Total Comprehensive Income for the year		**(3,340)**	**(3,379)**
Earnings / (Loss) per equity share for profit / (loss) for the year (Face Value of Rs 10/- each):	40		
- Basic		(27.30)	(29.50)
- Diluted		(27.30)	(29.50)

See accompanying notes forming part of the financial statements.

In terms of our report attached
FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Standalone Statement of Change in Equity

A. EQUITY SHARE CAPITAL

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Amount
As at 1 April 2017	16	899
Changes in Equity Share Capital		**180**
As at 31 March 2018	16	1079
Changes in Equity Share Capital		180
As at 31 March 2019	**16**	**1,259**

B OTHER EQUITY

	Compulsorily Convertible Preference Share Capital	Reserves and Surplus				Total
		Securities Premium Reserve	General Reserve	Retained Earnings	Capital Reserve	
Balance at 1 April 2017	**360**	**5,712**	**1,465**	**(809)**	**8,115**	**14,843**
Profit for the year	-		-	(3,422)	-	(3,422)
Other Comprehensive Income				43		43
Total Comprehensive Income for the year	**-**	**-**	**-**	**(3,379)**	**-**	**(3,379)**
Conversion of compulsurily convertible preference shares	(180)	-	-	-	-	(180)
	(180)	**-**	**-**	**-**	**-**	**(180)**
Balance at 31 March 2018	**180**	**5,712**	**1,465**	**(4,188)**	**8,115**	**11,284**
Profit for the year	-	-	-	(3,255)	-	(3,255)
Other Comprehensive Income	-	-	-	(85)	-	(85)
Total Comprehensive Income for the year	**-**	**-**	**-**	**(3,340)**	**-**	**(3,340)**
Conversion of compulsurily convertible preference shares	(180)	-	-	-	-	(180)
	(180)	**-**	**-**	**-**	**-**	**(180)**
Balance at 31 March 2019	**-**	**5,712**	**1,465**	**(7,528)**	**8,115**	**7,764**

See accompanying notes forming part of the financial statements.

In terms of our report attached

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Standalone Cash Flow Statement for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash flow from operating activities		
Profit/(Loss) before tax	(4,405)	(4,562)
Adjustments for :-		
Depreciation on Tangible Assets	1,213	1,553
Amortisation of Intangible assets	31	70
Depreciation on Investment Property	3	3
Loss / (Gain) on Sale of Property, Plant and Equipment (Net)	(5)	-
Interest income	(21)	(17)
Finance costs	3,338	3,302
Provision for bad and doubtful trade receivables	317	564
Bad Debts written off	7	152
Advance written off	12	-
Liabilities no longer required written back	(373)	(35)
Provision no longer required written back	(395)	(178)
Advance written back	(112)	-
Provision for Warranty	(16)	(21)
Provision for Mark to Market Loss no longer required written back	-	25
Net exchange differences	*	1
Interest Income on unwinding on revenue deferred	(78)	-
Deferred Retention Income	61	-
Cash flow from operating activities before change in operating assets and liabilities	**(423)**	**857**
Decrease / (Increase) in trade and Other Receivables	1,501	(1,165)
Decrease / (Increase) in inventories	3,796	(286)
Increase / (Decrease) in Trade and Other Payables	(3,722)	3,709
Increase / (Decrease) in employee benefit obligations	(40)	(90)
Cash generated from operations	**1,112**	**3,025**
Income taxes (paid) / received	(4)	(138)
Net cash inflow from operating activities	**1,108**	**2,887**
Cash flows from investing activities		
Payments for property, plant and equipment	(80)	(44)
Proceeds from sale of property, plant and equipment	16	-
Interest received	21	17
Fixed deposit placed	(119)	-
Net cash inflow (outflow) from investing activities	**(162)**	**(27)**
Cash flows from financing activities		
Repayment of Borrowings	(366)	(2,523)
Interest paid	(2,855)	(3,602)
Net increase in Cash Credit Facilities including WCDL	2,261	3,125
Payment of Dividend	-	(1)
Net cash outflow from financing activities	**(960)**	**(3,001)**
Net increase (decrease) in cash and cash equivalents	**(14)**	**(141)**
Cash and cash equivalents at opening of the year	330	471
Cash and cash equivalents at end of the year	316	330

Standalone Cash Flow Statement for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

1. The above Standalone Statement of Cash Flow has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flow'.
2. Previous period figures have been rearranged/regrouped wherever necessary.

See accompanying notes forming part of the financial statements.
In terms of our report attached

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Notes to the standalone financial statements for the year ended 31st March, 2019

Note 1 GENERAL INFORMATION

McNally Sayaji Engineering Limited ('the Company') is engaged in manufacturing and marketing of crushing, screening, grinding, material handling and mineral processing equipment with integrated customer support and after sales service. The Company has four manufacturing facilities- Kumardhubi in Jharkhand, Asansol in West Bengal, Bengaluru and Vadodara. The Company is a Public Limited Company and is listed in Metropolitan Stock Exchange in India.

Note 2 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.

2.1 Basis of Preparation

2.1.1 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.

2.1.2 Standards Issued but not Effective

On 30th March 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases and certain amendments to existing Ind AS. These amendments shall be applicable to the Company from 1st April 2019.

a Issue of Ind AS 116 - "Leases"

Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the less lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

b Amendments to Existing issued Ind AS

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from 1st April 2019.

-Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments

-Ind AS 23, Borrowing costs

-Ind AS 28 – investment in associates and joint ventures

-Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements

-Ind AS 109 – Financial instruments

-Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments and does not expect significant impact on its financial statements.

2.1.3 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.

2.1.4 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:

Notes to the standalone financial statements for the year ended 31st March, 2019

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.

2.2 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 Chief Financial Officer.

2.3 Foreign Currency Translation

2.3.1 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 Indian Rupee (Rs.) which is the Company's functional and presentation currency.

2.3.2 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).

2.4 Revenue Recognition

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations maybe satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of of return, using the expected value method.

A refund liability is recognised for expected returns in relation to sales made corresponding assets are recognised for the products expected to be returned.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of Ind AS 115 was not material.

2.5 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 operates 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.

Notes to the standalone financial statements for the year ended 31st March, 2019

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.

2.6 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.

2.7 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 property 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 appropriate. Each lease payment 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 (net of any payment received from the lessor) are charged to the profit or loss.

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.

2.8 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.

2.9 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.

Notes to the standalone financial statements for the year ended 31st March, 2019

2.10 Investments and Other Financial Assets

2.10.1 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.

2.10.2 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 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)

Notes to the standalone financial statements for the year ended 31st March, 2019

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.

2.10.3 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.

2.10.4 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.

2.10.5 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 compared 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.

2.11 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 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.

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

Notes to the standalone financial statements for the year ended 31st March, 2019

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).

2.12 Investment Properties

Property that is held for long term rental yields or for capital appreciation of both, and is not occupied by the Company, is classified 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.

2.13 Intangible Assets

2.13.1 Design and Drawings, Technical knowhow and other rights

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

2.13.2 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.

2.13.3 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 previously recognised as an expense are not recognised as an asset in subsequent period.

2.13.4 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.

2.14 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.

2.15 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

Notes to the standalone financial statements for the year ended 31st March, 2019

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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

Notes to the standalone financial statements for the year ended 31st March, 2019

2.21 Employee Benefits

2.21.1 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.

2.21.2 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.

2.21.3 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.

2.21.4 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.

Notes to the standalone financial statements for the year ended 31st March, 2019

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).

2.22 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.

2.23 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.

2.24 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.

(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, 2019

Note 3: Property, plant and equipment

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April, 2018	Additions	Other Adjustments	Sale/ Adjustment	As at 31 March, 2019	As at 1 April, 2018	For the year	Sale/ Adjustment	As at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
Lease hold Land	2,518	-	11	-	2,529	171	24	-	195	2,334	2,347
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,355	-	-	-	13,355	3,301	475	-	3,776	9,579	10,054
Plant and Machinery	8,592	28	-	90	8,530	6,776	622	78	7,320	1,210	1,816
Plant and Machinery - Windmill	764	-	-	-	764	653	51	-	704	60	111
Furniture and Fixture	339	1	-	*	340	266	31	*	297	43	73
Refrigerators and Air Conditioners	87	*	-	-	87	67	*	-	67	20	20
Office Equipments	236	3	-	1	238	228	6	1	233	5	8
Motor Vehicles	57	-	-	6	51	38	4	6	36	15	19
As at 31 March 2019	**26,237**	**32**	**11**	**97**	**26,183**	**11,500**	**1,213**	**85**	**12,628**	**13,555**	**14,737**

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

(a) Other Adjustments for Property, plant and equipment include Rs. NIL (31 March, 2018: Rs.7) 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(Kumardhubi Unit I) 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 property, plant and equipment of the Company (net written down value as at 31 March, 2019 of Rs. 523 ,(31 March, 2018 Rs. 707) comprised in erstwhile Product Division of MBECL(Kumardhubi Unit I). [Refer Note 35]

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1st April, 2017	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2018	As at 1st April, 2017	For the year	Sale/ Adjustment	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Lease hold Land	2,516	-	2	-	2,518	138	33	-	171	2,347	2,378
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,351	-	4	-	13,355	2,725	576	-	3,301	10,054	10,626
Plant and Machinery	8,560	32	1	1	8,592	5,940	837	1	6,776	1,816	2,620
Plant and Machinery - Windmill	764	-	-	-	764	602	51	-	653	111	162
Furniture and Fixture	339	-	-	-	339	229	37	-	266	73	110
Refrigerators and Air Conditioners	87	-	-	-	87	59	8	-	67	20	28
Office Equipments	230	10	-	4	236	226	6	4	228	8	4
Motor Vehicles	57	-	-	-	57	33	5	-	38	19	24
31 March 2018	**26,193**	**42**	**7**	**5**	**26,237**	**9,952**	**1,553**	**5**	**11,500**	**14,737**	**16,241**

(a) Other Adjustments for Tangible assets include (Rs.7) (31 March, 2017 Rs.(15)) 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(Kumardhubi Unit I) 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 March, 2018 of Rs. 707, 31 March, 2017 Rs. 1067) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit I). [Refer Note 35]

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 4 CAPITAL WORK-IN-PROGRESS	31-Mar-19	31-Mar-18
Capital work-in-progress	24	*

* amount is below rounding off norm adopted by Company

Note 5 INVESTMENT PROPERTIES [LEASEHOLD LAND]	31-Mar-19	31-Mar-18
Gross carrying amount		
Opening gross carrying amount / Deemed cost	408	408
Additions	-	-
Disposals / Adjustments	(11)	-
Closing gross carrying amount	**397**	**408**
Accumulated amorisation		
Opening accumulated amortisation	30	27
Amortisation charge	3	3
Adjustment on disposal	-	-
Closing accumulated amortisation	**33**	**30**
Net carrying amount	**364**	**378**

(i) Amounts recognised in the Statement of Profit or Loss for investment properties

	31-Mar-19	31-Mar-18
Rental income (included under Other Income - Note 27)	48	72
Direct operating expenses from property that generated rental income	5	5
Profit from investment properties before depreciation	**43**	**67**
Depreciation	3	3
Profit from investment properties	**40**	**64**

(ii) **Leasing arrangements**

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

(iii) **Fair value**

	31-Mar-19	31-Mar-18
Investment properties	2,250	1,525

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, 2019

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 6 INTANGIBLE ASSETS

	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	**As at 1 April, 2018**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31 March, 2019**	**As at 1 April, 2018**	**For the year**	**Sale/ Adjustment**	**As at 31 March, 2019**	**As at 31 March, 2019**	**As at 31 March, 2018**
Design and Drawings	2,250	-	-	-	2,250	2,216	31	(3)	2,250	*	34
Computer Software	192	-	-	-	192	192	-	-	192	-	-
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2019	**2,462**	**-**	**-**	**-**	**2,462**	**2,428**	**31**	**(3)**	**2,462**	*****	**34**

amount is below rounding off norm adopted by the Company *

	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	**As at 1 April, 2017**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31 March, 2018**	**As at 1 April, 2017**	**For the year**	**Sale/ Adjustment**	**As at 31 March, 2018**	**As at 31 March, 2018**	**As at 31 March, 2017**
Design and Drawings	2,250	-	-	-	2,250	2,146	70	-	2,216	34	104
Computer Software	192	-	-	-	192	192	-	-	192	-	-
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2018	**2,462**	**-**	**-**	**-**	**2,462**	**2,358**	**70**	**-**	**2,428**	**34**	**104**

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 7 NON-CURRENT INVESTMENTS	31-Mar-19	31-Mar-18
Investment in equity instruments (fully paid-up)		
Unquoted		
Investment in subsidiary		
349,323 (31 March 2018 : 349,323) Equity Shares of Rs. 10/- each of MBE Coal & Mineral Technology India Private Limited	2,700	2,700
Total non-current investments	**2,700**	**2,700**
Aggregate amount of unquoted investments	2,700	2,700

Note 8 TRADE RECEIVABLES	31-Mar-19	31-Mar-18
Receivables Considered Good-Unsecured	8,058	9,756
Receivables-Credit Impaired	2,189	2,763
Less: Allowance for credit impaired receivables	**(2,189)**	**(2,763)**
Total receivables	8,058	9,756
Current portion	7,414	9,067
Non-current portion #	644	689

Represents retention debtors receivable beyond twelve months from 31 March, 2019.

Note 9 CASH AND CASH EQUIVALENTS	31-Mar-19	31-Mar-18
Balances with banks		
- in current accounts	135	160
- in dividend accounts #	-	2
Deposits with maturity of less than three months @	175	163
Cash on hand	6	5
Total cash and cash equivalents	**316**	**330**
@Amount under lien	**12**	**40**

Earmarked for payment of unpaid dividend only.

Note 10 OTHER BANK BALANCES	31-Mar-19	31-Mar-18
Bank deposits with original maturity greater than three months and maturing within twelve months @	271	152
Total other bank balances	**271**	**152**
@Amount under lien	271	152

Note 11 OTHER FINANCIAL ASSETS	31-Mar-19 Non-Current	31-Mar-18 Non-Current
Security deposits - considered good	138	142
Security deposits - considered doubtful	2	2
Less: Allowances for doubtful security deposits	**(2)**	**(2)**
	138	**142**
Other non current assets	**138**	**142**

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 12 INVENTORIES [Refer Note 1.9]	31-Mar-19	31-Mar-18
Raw materials	1,787	1,534
Work-in-progress	7,376	11,199
Finished goods	-	155
Stores and spares	791	744
Loose Tools	64	182
Total inventories	**10,018**	**13,814**

Note 13 OTHER CURRENT ASSETS	31-Mar-19	31-Mar-18
Unsecured, considered good, unless stated otherwise		
Balance with Government Authorities	482	475
Advance for goods and services	414	467
Others #	165	238
Prepayments	90	193
Security Deposit	75	45
Total other current assets	**1,061**	**1,180**

Note 14 CURRENT TAX ASSETS (NET)	31-Mar-19	31-Mar-18
Opening balance	287	149
Add : Advance tax paid during year (including tax deducted at source)	5	204
Less : Refund received during the year	-	(66)
Closing balance	**292**	**287**

Note 15 DEFERRED TAX ASSET	31-Mar-19	31-Mar-18
The balance comprises temporary differences attributable to :		
Deferred tax asset on account of		
Unabsorbed Tax Depreciation/Loss	5,540	4,583
Items allowable for tax purpose on payment basis	123	124
Allowance for doubtful debts and doubtful advances	565	423
Others	21	70
Total deferred tax assets	**6,249**	**5,200**
Deferred tax liability on account of		
Property, plant and equipment, investment property and intangible assets	(847)	(972)
Others	(5)	(11)
Total deferred tax liabilities	**(852)**	**(983)**
Net deferred tax asset/(liability)	**5,397**	**4,217**

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

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 31 March 2017	**3,731**	**152**	**352**	**(1,228)**	**89**	**3,096**
Charged/(credited):						
- to profit or loss	852	(9)	71	256	(30)	1,140
- to other comprehensive income	-	(19)	-	-	-	(19)
At 31 March 2018	**4,583**	**124**	**423**	**(972)**	**59**	**4,217**
Charged/(credited):						
- to profit or loss	957	(31)	142	125	(43)	1,150
- to other comprehensive income	-	30	-	-	-	30
At 31 March 2019	**5,540**	**123**	**565**	**(847)**	**16**	**5,397**

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. [Refer Note 46].

(All amounts in Rs lakhs, unless otherwise stated)

Note 16 EQUITY SHARE CAPITAL	31-Mar-19 Number of shares	31-Mar-19 Amount	31-Mar-18 Number of shares	31-Mar-18 Amount
(i) Authorised				
Equity Shares of Rs. 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Preference Shares of Rs. 10/- each	40,00,000	400	40,00,000	400

Notes to the standalone financial statements for the year ended 31st March, 2019

	31-Mar-19		31-Mar-18	
	Number of shares	Amount	Number of shares	Amount
(ii) Issued, Subscribed and Paid up Equity Shares				
Equity Shares of Rs.10/- each #	1,25,89,273	1,259	1,07,89,273	1,079
Shares issued for consideration other than cash - 3,455,529 Equity Shares (31 March, 2018: 3,455,529 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement - 3,600,000 Equity Shares (31 March, 2018: 1,800,000 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to conversion of Compulsorily Convertible Preference Shares				
		1,259		**1,079**
Preference Shares				
Compulsurily Convertible Preference Shares of Rs. 10/- each (issued for consideration other than cash)	-	-	18,00,000	180
		-		**180**

	31-Mar-19	31-Mar-18
	Number of shares	Number of shares
(iii) Equity Shares held by the holding company$	1,02,68,698	85,29,698

	31-Mar-19		31-Mar-18	
	Number of shares	Amount	Number of shares	Amount
(iv) Reconciliation of shares				
Equity Shares				
Shares outstanding at the beginning of the year	1,07,89,273	1,079	89,89,273	899
Add: Equity shares issued in lieu of conversion	18,00,000	180	18,00,000	180
Shares outstanding at the end of the year #	1,25,89,273	1,259	1,07,89,273	1,079
Preference Shares				
Shares outstanding at the beginning of the year	18,00,000	180	36,00,000	360
Issued during the year				
Less: Conversion in to equity shares	(18,00,000)	(180)	(18,00,000)	(180)
Shares outstanding at the end of the year	-	-	18,00,000	180

Includes 36,00,000 equity shares issued in physical form in lieu of conversion of compulsorily convertible preference shares. These shares could not be enlisted as the Company was not listed with a nationally recognised stock exchange at the time of issue of the compulsorily convertible preference shares and as such in-principal approval as per SEBI guildelines for such issue has not been obtained till date.

(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, 2019

(vi) Terms/rights attached to preference shares

1% Compulsorily Convertible Preference Shares (CCPS) having par value of Rs 10/- each were allotted on 31 March 2017, as fully paid-up pursuant to a contract without payments being received in cash. These shares carried cumulative dividend of 1% p.a. and were convertible into equity shares within 18 months from the date of issue date (i.e. 31 March, 2017). Such conversion happened during the year ended 31 March, 2019 and 31 March, 2018**.**

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19		31-Mar-18	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited $	1,02,68,698	81.56	85,29,698	79.06
EIG (Mauritius) Limited	13,40,000	10.64	13,40,000	12.42

$ Includes equity shares pledged by Holding Company, McNally Bharat Engineering Company Limited, as security for term loan from ICICI Bank – 2,337,211 equity shares (31 March, 2018 : 2,337,211 equity shares)

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

	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	-	-	18,00,000	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. Out of same, 50% were converted into equity shares on February 7, 2018 and the balance 50% were converted into Equity Shares on August 14, 2018.

Note 17 RESERVES AND SURPLUS	31-Mar-19	31-Mar-18
Capital reserve	8,115	8,115
Securities premium reserve	5,712	5,712
General reserve	1,465	1,465
Retained earnings	(7,528)	(4,188)
Total reserves and surplus	**7,764**	**11,104**

(i) Capital reserve

	31-Mar-19	31-Mar-18
Opening balance	8,115	8,115
Closing balance	**8,115**	**8,115**

(ii) Securities premium reserve

	31-Mar-19	31-Mar-18
Opening balance	5,712	5,712
Closing balance	**5,712**	**5,712**

(iii) General reserve

	31-Mar-19	31-Mar-18
Opening balance	1,465	1,465
Closing balance	**1,465**	**1,465**

Notes to the standalone financial statements for the year ended 31st March, 2019

(iv) Retained earnings

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Opening balance	(4,188)	(809)
Net profit / (loss) for the period	(3,255)	(3,422)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(85)	43
Closing balance	**(7,528)**	**(4,188)**

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

Securities 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-19	31-Mar-18
Secured Loans		
Term Loans		
From Banks	3,362	4,725
From Others	6	9
Total non-current borrowings	**3368**	**4,734**
Less: Current maturities of long-term debt (included in note 20)	2001	1,626
	1367	**3,108**
Inter - corporate deposit	**3197**	**-**
Non-current borrowings (as per balance sheet)	**4564**	**3,108**

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 and Rate of Interest
i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,487 (31 March, 2018 Rs. 3,725) 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 and pledge over 26% shares of the Company held by Holding Company. This facility is also guaranteed by Holding Company.	Loan is repayable in 8 equal half yearly installments, the first such instalment being due on 17 June, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning 18 June, 2015 and every half year thereafter.
ii. Year end term loan balance from DBS Bank Ltd. of Rs 875 (31 March, 2018 Rs. 1,000) 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 quarterly instalments of Rs 125 each beginning from 3 July 2017. Interest is payable at the 13% p.a. on monthly basis.
iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 6 (31 March, 2018 Rs. 9) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly instalments. Interest is payable at the rate of 9.49% to 9.61%p.a.

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

B. The Company has submitted in debt resolution plan to its lenders and have been servicing its debts as per plan. It has thereby defaulted in the servicing of its debts as per the the existing contractual terms. The details of default during the year and continuing defaults at the year end are as follows :

Name Of Lender		Amount of default More than 3 months		Amount of default Upto 3 months	
		Principal	Interest	Principal	Interest
Term Loans from Banks					
-ICICI Bank	$	0	69	1,250	267
	@	0	0	-	107
-DBS Bank	$		11	125	44
	@	125	39	125	28
Loan from Bank Repayable on Demand					
-ICICI Bank	$	0	0	-	293
-Kotak Mahindra Bank	$	0	0	-	165
-DBS Bank	$	0	0	-	83
	@	0	67	-	49
-IDBI Bank	$	0	0	-	119
	@	0	61	-	65
TOTAL		125	247	**1500**	**1220**

$ - Amount of default remediated during the year

@ - Amount of default persisting as on the closing date

Note 19 CURRENT BORROWINGS	31-Mar-19	31-Mar-18
Secured Loans from Banks		
Loans Repayable on demand #	13106	10,845
Unsecured Loans		
Inter - corporate deposit	1796	3,995
Total current borrowings	14902	**14,840**

Also refer Note 18 (B)

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 property, plant and equipment of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future.

Amendments to Ind AS 7 Statement of Cash Flows: Disclosures Initiatives

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for current period.

Particulars		1-Apr-18	Cash Flow	Other Adjustments ^	31-Mar-19
Borrowings (Non-current and current maturities of long term debts)	@	4,734	1833	-	6,565
Borrowings (Current)	*	14,840	62	0	14902
Total	**$**	**21,400**	**1895**	**-**	**23420**

$ Refer standalone statement of Cash Flows

^ Other adjustments indicate Foreign Exchange movements, changes in fair value and adjustments to borrowings, if any.

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

@ Refer Note 18 and Note 20

* Refer Note 19

Particulars		1-Apr-17	Cash Flow	Other Adjustments ^	31-Mar-18
Borrowings (Non-current and current maturities of long term debts)	@	7,257	(2523)	-	4,734
Borrowings (Current)	*	11,715	3125	0	14840
Total	**$**	**18,972**	**602**	**-**	**19,574**

$ Refer standalone statement of Cash Flows

^ Other adjustments indicate Foreign Exchange movements, changes in fair value and adjustments to borrowings, if any.

@ Refer Note 18 and Note 20

* Refer Note 19

Note 20 OTHER FINANCIAL LIABILITIES	31-Mar-19	31-Mar-18
Non Current		
Derivatives Instrument	–	*
Total Non Current	–	*
Current		
Current maturities of long-term debt	2,001	1,626
Interest accrued and due on Borrowings @	603	120
Employee benefits payable	210	306
Creditors for capital goods	18	44
Unpaid Dividends	-	2
Liability for Other Expenses $	547	674
Total Current	**3,379**	**2,772**
Total other financial liabilities	**3,379**	**2,772**

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

* rounding off norms adopted by the Company

@ For interest accrued and due on bank borrowings as at 31 March, 2019, refer Note 18 B

(All amounts in Rs lakhs, unless otherwise stated)

Note 21 TRADE PAYABLES	31-Mar-19	31-Mar-18
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 42)	21	108
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,839	11,071
Total trade payables	**5,860**	**11,179**
Current portion	5,860	11,179

Note 22 PROVISIONS	31-Mar-19	31-Mar-18
Warranty	69	81
Total	**69**	**81**

(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.

Notes to the standalone financial statements for the year ended 31st March, 2019

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 2019, this particular provision had a carrying amount of Rs 69 lakhs (31 March, 2018 Rs 81 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 8 lakhs higher or lower (31 March, 2018 Rs 8 lakhs higher or lower).

(ii) Movements in provisions

	31-Mar-19	31-Mar-18
Balance as at the beginning of the year	81	102
Additions	-	-
Amount used	12	21
Balance as at the end of the year	69	81

	31-Mar-19			31-Mar-18		
Note 23 EMPLOYEE BENEFIT OBLIGATIONS	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	291	-	291	223	-	223
Compensated absences	**16**	**153**	**169**	**31**	**136**	**167**
Long term service award	**2**	**10**	**12**	**2**	**5**	**7**
Total employee benefit obligations	**309**	**163**	**472**	**256**	**141**	**397**

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

(All amounts in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2017	**613**	**(327)**	**286**
Current service cost	28	-	28
Interest expense/(income)	43	(25)	18
Total amount recognised in profit or loss	**71**	**(25)**	**46**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	4	4
(Gain)/loss from change in financial assumptions	(6)	-	(6)
Experience (gains)/losses	(60)	-	(60)
Total amount recognised in other comprehensive income	**(66)**	**4**	**(62)**
Employer contributions/premiums paid	-	(46)	(46)
Benefit payments	(110)	110	-
31-Mar-18	**508**	**(284)**	**224**

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
01-Apr-18	**508**	**(284)**	**224**
Current service cost	31	-	31
Interest expense/(income)	33	(22)	11
Total amount recognised in profit or loss	**64**	**(22)**	**42**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	3	3
(Gain)/loss from change in financial assumptions	3	-	3
Experience (gains)/losses	109	-	109
Total amount recognised in other comprehensive income	**112**	**3**	**115**
Employer contributions/premiums paid		(90)	(90)
Benefit payments	(152)	152	-
31-Mar-19	**532**	**(241)**	**291**

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

	31-Mar-19	31-Mar-18
Present value of funded obligations	532	508
Fair value of plan assets	(241)	(284)
Deficit of funded plans	291	224

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-19	31-Mar-18
Discount rate	7.70%	7.75%
Salary escalation rate	4%	4%
Withdrawl rate	1% to 8%	1% to 8%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate.	

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 31 March, 2020 is not readily ascertainable.

Expected Payout

The weighted average duration for 2018-19 of the defined benefit obligation is 4.69 years (March 31, 2018 : 5.04).

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

The expected maturity analysis of undiscounted gratuity is as follows

	31-Mar-19	31-Mar-18
Less than a year	79	51
Between 1 to 2 years	217	136
Between 2 to 5 years	201	272
More than 5 Years	424	291
Total	**921**	**750**

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

	31-Mar-19	31-Mar-18
Sensitivity Analysis		
Increase in discount rate by 1%	505	483
Decrease in discount rate by 1%	559	534
Increase in salary escalation by 1%	560	535
Decrease in salary escalation by 1%	503	481
Increase in Withdrawl rate by 1%	524	513
Decrease in Withdrawl rate by 1%	537	501

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 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.

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

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.136 lakhs (2017-18 Rs. 133 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 -

Principal Actuarial assumptions used:

	31-Mar-19	31-Mar-18
Discount rate	7.70%	7.75%
Expected Return on Exempted Fund	8.65%	8.55%

(ii) Post Employment Defined Contribution Plan

During the year, an amount of Rs. 22 lakhs (Year ended 31 March, 2018: Rs. 22 lakhs) has been recognised as expenditure towards defined contribution provident fund of the company.

	31-Mar-19	31-Mar-18
Note 24 OTHER CURRENT LIABILITIES		
Advance received from customers	3,904	2,155
Dues payable to government authorities	21	832
Total other current liabilities	**3,925**	**2,987**

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

	31-Mar-19	31-Mar-18
Note 26 REVENUE FROM OPERATIONS		
Sale of products	21,071	19,684
Sale of services	258	1,782
Other operating revenue	528	476
Total revenue from operations	**21,857**	**21,942**

	31-Mar-19	31-Mar-18
Note 27 OTHER INCOME		
Rental income	48	75
Interest income from financial assets at amortised cost	21	17
Provision no longer required written back	395	178
Liability no longer required written back	373	35
Advance Written Back	112	-
Profit on Sale of property, plant and equipment	5	-
Net foreign exchange gain	1	20
Others	68	108
Total other income	**1,023**	**433**

	31-Mar-19	31-Mar-18
Note 28 COST OF MATERIALS CONSUMED		
Raw materials at the beginning of the year	1,534	1,684
Add: Purchases	9,030	8,673
Less: Raw material at the end of the year	1,787	1,534
Total cost of materials consumed	**8,777**	**8,823**

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Note 29 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS		
Opening balance		
Work-in progress	11,199	11,077
Finished goods	155	63
Total opening balance	**11,354**	**11,140**
Closing balance		
Work-in progress	9,940	11,199
Finished goods	-	155
Total closing balance	**9,940**	**11,354**
Total changes in inventories of work-in-progress and finished goods	**1,414**	**(214)**

	31-Mar-19	31-Mar-18
Note 30 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	2,418	2,445
Contribution to provident and other funds	200	158
Staff welfare expenses	96	122
Total employee benefit expenses	**2,714**	**2,725**

	31-Mar-19	31-Mar-18
Note 31 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	1,213	1,553
Depreciation on investment properties	3	3
Amortisation of intangible assets	31	70
Total depreciation and amortisation expense	**1,247**	**1,626**

	31-Mar-19	31-Mar-18
Note 32 OTHER EXPENSES		
Consumption of stores and spares	1,180	2,590
Fabrication and other charges	1,126	2,161
Power	288	302
Repairs and maintenance		
Plant and machinery	70	14
Buildings	15	53
Others	71	69
Professional fees	241	365
Rental charges	57	62
Subscriptions and donations	1	1
Bank charges	25	17
Rates and taxes	39	24
Insurance	40	72
Freight	231	278
Travel and conveyance	338	386
Royalty	7	31
Commission expenses	88	59
Bad debts written off	7	152
Liquidated Damages Expenses	10	-
Allowance for doubtful debts on trade receivables / other assets	317	564
Advance Written Off	12	-
Provision for warranty	(16)	(21)
Net Loss on foreign currency transactions/translations	(1)	-
Miscellaneous expenses (refer note 32 (a) below)	647	524
Total other expenses	**4,793**	**7,703**

Notes to the standalone financial statements for the year ended 31st March, 2019

Note 32 (a) **Miscellaneous expenses includes :**

	31-Mar-19	31-Mar-18
Payment to auditors		
Audit fee	33	33
Other services	9	11
Total payments to auditors	**42**	**44**

* Includes Rs.3 lacs Paid to erstwhile auditor

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

	31-Mar-19	31-Mar-18
Note 33 FINANCE COSTS		
Interest and finance charges on financial liabilities at amortised cost	3,338	3,302
Total Finance costs	**3,338**	**3,302**

(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-19	31-Mar-18
(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	(1,049)	(849)
(Decrease) increase in deferred tax liabilities	(131)	(272)
Total deferred tax charge / (credit)	**(1,180)**	**(1,121)**
Income tax expense	**(1,180)**	**(1,121)**
-through Profit and Loss	**(1,150)**	**(1,140)**
-through Other Comprehensive Income	**(30)**	**19**

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

	31-Mar-19	31-Mar-18
Profit/(Loss) before income tax expense	(4,405)	(4,562)
Other comprehensive income	(115)	62
	(4,520)	**(4,500)**
Tax at the Indian tax rate of 31.2% (2017-18 — 31.2%)	-	-
Add : Deferred Tax Asset created for Unabsorbed business loss	(957)	(852)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	1	28
Disallowance for doubtful debts and doubtful advances	(142)	(71)
Change in carrying value of assets under Income tax and books	(125)	(256)
Others	43	30
Income tax expense	**(1,180)**	**(1,121)**

Notes to the standalone financial statements for the year ended 31st March, 2019

Note 35 CONTINGENT LIABILITIES	31-Mar-19	31-Mar-18
(a) Claims against the Company not acknowledged as debts : -		
Excise Duty and Service Tax matters under dispute	2,479	2,479
Sales Tax and Value Added Tax matters under dispute	3,509	3,563
Income-tax matters	979	322
Civil Suits filed by Customer for Equipment issue	117	-
Demand from Jharkhand Mineral Area Development Authority	1,055	-
Civil Suits filed by Suppliers	132	-
Other claims	41	137
	8,312	**6,501**
(b) Others		
Performance bank guarantees [Limit: 2,900 lacs (31 March, 2018: 2,900 lacs)]-Amount utilised	1,949	1,222
Corporate Guarantee to banks on behalf of holding company to the extent of value of erstwhile product division of holding company(Kumardhubi Unit I) [Refer Note 3(b)]	5,950	5,950
	7,899	**7,172**
	16,211	**13,673**

Future cash outflows in respect of the above matters are determinable only on receipts of judgments / decisions pending at various forums / authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.

(All amounts in Rs lakhs, unless otherwise stated)

Note 36 FAIR VALUE MEASUREMENTS

Financial instruments by category

	31 March 2019			31 March 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Trade Receivables	-	-	8,058		-	9,756
Cash and Cash Equivalents	-	-	316	-	-	330
Other bank balances	-	-	271	-	-	152
Total Financial Assets	**-**	**-**	**8,645**	**-**	**-**	**10,238**
Financial Liabilities						
Borrowings	-	-	19,466	-	-	17,948
Trade payables	-	-	5,860	-	-	11,179
Other Financial Liabilities	-	-	3,379	-	-	2,772
Total Financial Liabilities	**-**	**-**	**28,705**	**-**	**-**	**31,899**

(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 2019 - NIL (31 March 2018-NIL)

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

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 observable 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 March, 2019 and 31 March, 2018.

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

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 payer
- significant increase in credit risk on other financial instruments of the same payer
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

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

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 payer/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.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Loss allowance on at opening balance sheet date	2,763	2,386
Changes in loss allowance	(574)	377
Loss allowance on at closing balance sheet date	2,189	2,763

The Company has receivables from certain customers against whom insolvency proceedings have been initiated during the year under the Insolvency and Bankruptcy Code, 2016. In view of the same, the Company has already made adequate provision to its future financial losses.

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(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 obligations 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.

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	Less than 12 months		More than 12 months		Total	
	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Derivative financial liabilities	-	*	-	-	-	*
Borrowings	14,902	14,840	4,564	3,108	19,466	17,948
Trade payables	5,860	11,179	-		5,860	11,179
Other financial liabilities	3,379	2,772	-	-	3,379	2,772
Total Liability	**24,141**	**28,791**	**4,564**	**3,108**	**28,705**	**31,899**

* rounding off norms adopted by the company

(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.

(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 :

	As at 31 March 2019		As at 31 March 2018	
	USD	EURO	USD	EURO
Financial Assets				
Trade Receivables	-	-	1	-
	-	**-**	**1**	**-**
Financial Liability				
Trade Payable	32	-	-	-
	32	**-**	**-**	**-**

(b) Sensivity:

Impact on profit

	As at 31 March 2019		As at 31 March 2018	
	USD	EURO	USD	EURO
Increase by 5% #	(111)	-	3	-
Decrease by 5%#	111	-	(3)	-

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 2019 and 31 March 2018, the Company's borrowings at variable rate were mainly denominated in INR .

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.

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

(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 2019	As at 31 March 2018
Variable rate borrowings	16,474	15,579
Fixed rate borrowings	4,993	3,995

(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 2019	As at 31 March 2018
Increase in interest rates by 50 basis points (50 bps) #	(80)	(86)
Decrease in interest rates by 50 basis points (50 bps) #	80	86

Holding all other variables constant

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 assets 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 some 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-19	31-Mar-18
Current		
Financial Assets		
Trade Receivables	8,058	9,756
Cash and Cash Equivalents	587	482
Non-financial Assets		
Inventories	10,018	13,814
Other current assets	1,061	1,180
Total Current assets	**19,724**	**25,232**
Non-current		
Property, Plant and Equipments	13,032	14,030
Capital work-in-progress	24	*
Investment properties	364	378
Other intangible assets	*	34
Total Non-current assets	**13,420**	**14,442**
Total Assets pledged as security	**33,144**	**39,674**

* rounding off norm adopted by the Company

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Note 40 EARNINGS PER SHARE		
Basic Earning per share		
Net profit after tax	(3,255)	(3,422)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	1,19,23,520	1,16,02,972
Basic Earning per share (in Rs.)	**(27.30)**	**(29.50)**
Diluted Earning per share		
Net profit	(3,255)	(3,422)
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	1,19,23,520	1,16,02,972
Diluted Earning per share (in Rs.)	**(27.30)**	**(29.50)**
Weighted average number of shares used as the denominator		
Number of equity share at the beginning of the year	1,07,89,273	89,89,273
Weighted average number of equity share issued during the year	11,34,247	26,13,699
Weighted average number of equity share at the end of the year	1,19,23,520	1,16,02,972

*Compulsorily convertible preference shares has not been considered for Diluted Earning per share being anti dilutive in nature.

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.57 (31.03.2018 : Rs. 62) paid/payable are charged as Rent under Other Expenses.

	31-Mar-19	31-Mar-18
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	21	108
Interest	28	10
(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	346	-
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	-	-
Interest	71	10
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs.10 lakhs (31.03.2018 Rs. 7 lakhs) being interest outstanding as at the beginning of the accounting year]	71	17
(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	33	29

Notes to the standalone financial statements for the year ended 31st March, 2019

(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 32 lakhs (31.03.2018 Rs. 47 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 decision 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"

Disclosure required under Ind AS 108 " Operating Segments" for Companies with single segment are as follows :

Particulars	31-Mar-19	31-Mar-18
Revenue from Customers		
- India	21,814	21,844
- Outside India	43	98
Non-current assets		
- India	13943	15149
- Outside India	-	-

External customers individually accounting for more than 10% of the revenues have generated nil revenue from operations for the Company in the current year (Year ended 31 March, 18 - 18%)

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 #
      MBE Mineral Technologies Pte Limited #
      MBE Minerals Zambia Ltd #
   iii) Entities having significant influence over the Holding Company
      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. Pradip Kumar Tibdewal – Whole time Director
      Mr. Uttam Tekriwal – Chief Financial Officer
      Mr. Saikat Ghosh - Company Secretary
   vi) Key management personnel of Holding Company
      Mr. Srinivash Singh – Managing Director
      Mr. Manoj Kumar Digga - Chief Financial Officer
      Mr. Indranil Mitra – Company Secretary

      # No transactions during the year.

Notes to the standalone financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

c) Transactions with related parties:

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

Particulars	31-Mar-19	31-Mar-18
Sale of Products and Services - MBECL	2,277	3,590
Sale of Products and Services - MCMTI	5	-
Purchase of goods and services - MBECL	-	611
Purchase of goods services - MCMTI	-	21
Rental Income - MBECL	48	72
Rental and Other Charges - MBECL	18	24
Issue of Equity Shares - MBECL	180	180
Remuneration paid to key management personnel	160	142
Contribution to Fund - MBESGF	90	46
Contribution to Fund - MBEPF	136	133

(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-19	31-Mar-18
Trade and Other Receivables		
MBECL	242	899
MCMTI	50	44
Trade Payables		
MBECL	-	2,697
MCMTI	72	102
Other Current Liabilities		
MBECL	2,767	-
MCMTI	113	113
Investments		
MCMTI	2,700	2,700
Outstanding Compulsorily Convertible Preference Shares		
MBECL	-	1,350
Outstanding Corporate Guarantee Given		
MBECL	5,950	5,950
Outstanding Corporate Guarantee Received		
MBECL	5,000	6,496
Key management personnel	-	9

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 .

(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 conditions and wherever applicable linked with market rates .

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

Notes to the standalone financial statements for the year ended 31st March, 2019

Note 46

The company's financial performance have been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control due to which the company has not been able to meet its financial commitments /covenants to lenders. As a result the company has incurred net loss of Rs 3,255 lakhs during the year ended 31st March, 2019, which has adversely impacted the net worth of the company and the current liabilities of Rs 28,444 lakhs have exceeded its current assets of Rs 19,372 lakhs. These conditions have created uncertainty on the company's ability to continue as a going concern. The Company have submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Company has initiated various processes as specified under the banking guidelines and most of these processes have already been completed. On the basis of these developments, the Company is hopeful that the restructuring proposal of the company will be approved shortly. Additionally, the company is taking various measures, including cost cutting, which shall improve its operational efficiencies. The management is confident that with lenders support on the Resolution and various other measures, the company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence, financial statement have been prepared on a going concern basis.

Note 47

During the year, downturn of the infrastructure and core sector combined with other factors as captured in Note 46 above, necessitated the management of the Company to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly a provision has been taken in the financial statements for such inventories and have been shown as an exception item.

Note 48

Unless otherwise stated, figures in brackets relates to the previous year .

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Place : Kolkata
Date : 30th May, 2019

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Consolidated Financial Statements

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of **McNally Sayaji Engineering Limited** ("the Parent"/ "the Holding Company") and its subsidiary, (the Parent/ Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information,

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Qualified Opinion section of our report the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2019, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

a) The Group has recognised deferred tax assets aggregating to Rs. 6,234 lakhs as at 31 March, 2019 and Rs. 1,133 lakhs during the year then ended. Considering the material uncertainty related to going concern that exists in the Group, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12 has not been met. Consequently losses for the year is understated by Rs. 1,133 lakhs, accumulated deficit is understated by Rs. 6,234 lakhs and Deferred Tax assets is overstated by Rs. 6,234 lakhs.

b) The Parent has issued a corporate guarantee of Rs. 5,950 lakhs to the lenders against the loans taken by its holding Company, McNally Bharat Engineering Company Limited. The review report of the Holding Company included an adverse opinion related to going concern for the nine months ended 31 December, 2018. No provision has been considered by the management of the Group for the likelihood of the devolvement of the guarantee on the Group.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Material Uncertainty Related to Going Concern

We draw attention to note 46 of the Consolidated Ind AS financial statements, wherein the Group has incurred net loss of Rs. 3,776 lakhs during the year ended 31 March, 2019 and as of that date, current liabilities exceed current assets by Rs.10,555 lakhs as on 31 March, 2019. During the year ended 31 March, 2019, the Parent/Holding Company was unable to discharge its obligations for repayment of loans. The Parent/Holding Company is currently in discussion with the lenders for carrying out a debt restructuring proposal.

These events and conditions indicate a material uncertainty which cast a significant doubt on the group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential

Independent Auditors' Report

liabilities in the normal course of business. The ability of the Group to continue as a going concern is solely dependent on the acceptance of the debt restructuring plan, which is not wholly within the control of the Parent/ Holding Company.

The Management of the Group has prepared the financial statements on going concern basis based on their assessment of the successful outcome of the restructuring proposal and accordingly no adjustments has been made to the carrying value of the assets and liabilities and their presentation/classification in the Balance Sheet.

Our opinion is not modified on this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition (sale of goods)** Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred. Refer Note 1.4 to the Consolidated Financial Statements - Significant Accounting Policies.	Our audit approach was a combination of test of internal controls and substantive procedures including 1. Assessed the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof. 2. Evaluated the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. 3. Evaluated the design and implementation of Company's controls in respect of revenue recognition. 4. Tested the effectiveness of such controls over revenue cut off at year-end. 5. Tested the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent/Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Notice to the Annual General Meeting, Director's report, including Annexures to Directors' Report, but does not include the financial statements and our auditor's report thereon. The Notice to the Annual General Meeting, Directors' report including Annexures to Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditors' Report

When we read the Notice to the Annual General Meeting, Directors' report including Annexures to Directors' Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent/ Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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 and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent/ Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent/ Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

Independent Auditors' Report

significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent/ Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary referred to in the Other Matters section above 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 financial statements.

   b) In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and returns

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

Independent Auditors' Report

d) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion the aforesaid consolidated financial statements does not comply with the Ind AS specified under Section 133 of the Act.

e) The matter described in the Basis for Qualified Opinion section and Material uncertainty related to Going Concern section, in our opinion, may have an adverse effect on the functioning of the Group.

f) On the basis of the written representations received from the directors of the Parent/Holding Company as on 31 March, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company incorporated in India, except 1 Director in the Parent Company, none of the directors of the Group companies, India is disqualified as on 31 March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent/ Holding company and subsidiary company. Our report expresses a qualified opinion on the operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Parent/ Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. There are no derivative contracts;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent/ Holding Company and its subsidiary company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

A.Bhattacharya
Partner
(Membership No. 054110)

Kolkata, 30 May, 2019

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2019, 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 is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is company incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company, which is incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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.

Annexure 'A' to the Independent Auditors' Report

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at 31 March, 2019, with respect to the Parent Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the carrying amount of deferred tax and determination of provisions for the likelihood of the devolvement of the Corporate guarantee.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Group's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Group has not maintained adequate and effective internal financial controls over financial reporting as of 31 March, 2019, based on criteria established by the Group 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group for the year ended 31 March, 2019, and the material weakness has affected our opinion on the said consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements of the Group.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

A.Bhattacharya
Partner
(Membership No. 054110)

Kolkata, 30 May, 2019

Consolidated Balance Sheet as at 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	13,630	14,827
Capital work-in-progress	4	41	17
Investment properties	5	364	378
Other intangible assets	6	*	35
Financial assets			
i. Trade receivables	7	1,583	1,766
ii. Other financial assets	10	476	887
Deferred tax assets	14	6,234	5,101
Other non-current assets	12	6	6
Total non-current assets		**22,334**	**23,017**
Current assets			
Inventories	11	10,782	14,614
Financial assets			
i. Trade receivables	7	9,360	11,138
ii. Cash and cash equivalents	8	559	407
iii. Bank balances other than above	9	272	152
iv. Other financial assets	10	668	232
Current Tax Assets (Net)	13	398	360
Other current assets	12	1,316	1,478
Total current assets		**23,355**	**28,381**
Total assets		**45,689**	**51,398**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,259	1,079
Other equity			
Compulsorily convertible preference shares	15	-	180
Reserves and surplus	16	5,312	9,177
Total equity		**6,571**	**10,436**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	17	4,572	3,118
ii. Trade payables			
A Total Outstanding Dues of Micro Enterprises and Small Enterprises	20	-	-
B Total Oustanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	20	3	19
Provisions	21	126	109
Employee benefit obligations	22	186	169
Other non-current liabilities	23	321	368
Total non-current liabilities		**5,208**	**3,783**
Current liabilities			
Financial Liabilities			
i. Borrowings	18	16,843	16,652
ii. Trade payables			
A Total Outstanding Dues of Micro Enterprises and Small Enterprises	20	21	108
B Total Oustanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	20	7,709	12,930
iii. Other financial liabilities	19	4,203	3,569
Provisions	21	103	167
Employee benefit obligations	22	313	267
Other current liabilities	23	4,718	3,486
Total current liabilities		**33,910**	**37,179**
Total liabilities		**39,118**	**40,962**
Total equity and liabilities		**45,689**	**51,398**

* amount is below rounding off norm adopted by Group
See accompanying notes forming part of the financial statements.
In terms of our report attached.

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Consolidated Statement of Profit & Loss for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Year ended 31st March, 2019	Year ended 31st March, 2018
Revenue from operations	24	24,581	25,456
Other income	25	1,416	678
Total income		**25,997**	**26,134**
EXPENSES			
Cost of materials consumed	26	9,958	10,459
Purchases of stock-in-trade		2,406	2,530
Changes in inventories of work-in-progress and finished goods	27	1,414	(214)
Excise duty		-	466
Employee benefit expense	28	3,482	3,520
Finance costs	31	3,686	3,640
Depreciation and amortisation expense	29	1,262	1,640
Other expenses	30	6,076	8,959
Total expenses		**28,284**	**31,000**
Profit/(Loss) before Tax and exceptional items		**(2,287)**	**(4,866)**
Exceptional Item	47	**2,591**	**-**
Profit / (Loss) before tax		**(4,878)**	**(4,866)**
Income tax expense	32		
- Current tax		-	-
- Deferred tax Charge/(Credit)		(1,102)	(1,250)
Total tax expense		**(1,102)**	**(1,250)**
Profit / (Loss) for the year		**(3,776)**	**(3,616)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(120)	62
Income Tax relating to these items	32	31	(19)
Other comprehensive income for the year, net of tax		(89)	43
Total Comprehensive Income for the year		**(3,865)**	**(3,573)**
Earnings / (Loss) per equity share for profit / (loss) for the year (Face Value of Rs. 10/- each):	38		
- Basic		(31.67)	(31.16)
- Diluted		(31.67)	(31.16)

See accompanying notes forming part of the financial statements.

In terms of our report attached

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Consolidated Statement of Change in Equity

A. EQUITY SHARE CAPITAL

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Amount
As at 1 April 2017	15	899
Changes in Equity Share Capital		**180**
As at 31 March 2018	15	1079
Changes in Equity Share Capital		180
As at 31 March 2019	**15**	**1,259**

B OTHER EQUITY

	Compulsorily Convertible Preference Share Capital	Reserves and Surplus				Total
		Securities Premium Reserve	General Reserve	Retained Earnings	Capital Reserve	
Balance at 1 April 2017	**360**	**5,712**	**1,520**	**(1,145)**	**6,663**	**13,110**
Movement during the year						
Profit for the year	-	-	-	(3,616)	-	(3,616)
Other Comprehensive Income	-	-	-	43	-	43
Total Comprehensive Income for the year	**-**	**-**	**-**	**(3,573)**	**-**	**(3,573)**
Conversion of compulsorily convertible preference shares	(180)	-	-	-	-	(180)
Balance at 31 March 2018	180	**5,712**	**1,520**	**(4,718)**	**6,663**	**9,357**
Movement during the year						
Profit for the year	-	-	-	(3,776)	-	(3,776)
Other Comprehensive Income	-	-	-	(89)	-	(89)
Total Comprehensive Income for the year	**-**	**-**	**-**	**(3,865)**	**-**	**(3,865)**
Conversion of compulsurily convertible preference shares	(180)	-	-	-	-	(180)
Balance at 31 March 2019	**-**	**5,712**	**1,520**	**(8,583)**	**6,663**	**5,312**

See accompanying notes forming part of the financial statements.

In terms of our report attached

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash flow from operating activities		
Profit/(Loss) before tax	**(4,878)**	**(4,866)**
Adjustments for :-		
Depreciation on Tangible Assets	1,228	1,567
Amortisation of Intangible assets	31	70
Depreciation on Investment Property	3	3
Loss / (Gain) on Sale of Property, Plant and Equipment (Net)	-	(2)
Interest income	(21)	(25)
Finance costs	3,686	3,640
Provision for bad and doubtful trade receivables	351	670
Bad Debts written off	7	152
Liabilities no longer required written back	(390)	(186)
Provision no longer required written back	(395)	(257)
Provision for Warranty	(2)	*
Provision for Mark to Market Loss no longer required written back	-	21
Net exchange differences	3	1
Cash flow from operating activities before change in operating assets and liabilities	**(377)**	**788**
Decrease / (Increase) in trade and Other Receivables	2,016	(366)
Decrease / (Increase) in inventories	3,832	(251)
Increase / (Decrease) in Trade and Other Payables	(4,124)	3,534
Increase / (Decrease) in employee benefit obligations	63	(91)
Cash generated from operations	**1,410**	**3,614**
Income taxes (paid) / received	(38)	(162)
Net cash inflow from operating activities	**1,372**	**3,452**
Cash flows from investing activities		
Payments for property, plant and equipment	(84)	(65)
Proceeds from sale of property, plant and equipment	14	2
Interest received	21	25
Net cash inflow (outflow) from investing activities	**(49)**	**(38)**
Cash flows from financing activities		
(Repayment of) / Proceeds from Long Term Borrowings	1,829	(2,510)
Interest paid	(3,189)	(3,940)
Net increase in Cash Credit Facilities including WCDL	191	2,848
Payment of Dividend	(2)	(1)
Net cash outflow from financing activities	**(1,171)**	**(3,603)**
Net increase (decrease) in cash and cash equivalents	**152**	**(189)**
Cash and cash equivalents at opening of the year	407	596
Cash and cash equivalents at end of the year	559	407

Consolidated Cash Flow Statement for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31st March, 2019	31st March, 2018
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 8]	559	407
Balances per statement of cash flows	559	407

1. The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flows'.
2. Previous period figures have been rearranged/regrouped wherever necessary.

See accompanying notes forming part of the financial statements.

In terms of our report attached

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
A. Bhattacharya
Partner

Place : Kolkata
Date : 30th May, 2019

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director
(DIN: 07977787)

Srinivash Singh
Director
(DIN: 00789624)

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Notes to the consolidated financial statements for the year ended 31st March, 2018

Note 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.

1.1.2 Standards Issued but not Effective

On 30th March 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases and certain amendments to existing Ind AS. These amendments shall be applicable to the Company from 1st April 2019.

(a) Issue of Ind AS 116 - "Leases"

Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the less lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

Application of above standards are not expected to have any significant impact on the Company's Financial Statements.

(b) Amendments to Existing issued Ind AS

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from 1st April 2019.

-Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments

-Ind AS 23, Borrowing costs

-Ind AS 28 – investment in associates and joint ventures

-Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements

-Ind AS 109 – Financial instruments

-Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments and does not expect significant impact on its financial statements.

1.1.3 Classification of current and non-current

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Parent Company and its subsidiary company and other criteria set out in the revised Schedule III to the Companies Act, 2013.

1.1.4 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.

Notes to the consolidated financial statements for the year ended 31st March, 2018

1.3 Foreign Currency Translation

1.3.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements is presented in India Rupees (INR) 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 from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations maybe satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of of return, using the expected value method.

A refund liability is recognised for expected returns in relation to sales made corresponding assets are recognised for the products expected to be returned.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, as prescribed in the Standard. The effect on adoption of Ind AS 115 was not material.

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 consolidated 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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

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. 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

Notes to the consolidated financial statements for the year ended 31st March, 2019

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.

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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

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.

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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

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 classified 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.

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).

Notes to the consolidated financial statements for the year ended 31st March, 2019

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.

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

Notes to the consolidated financial statements for the year ended 31st March, 2019

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.

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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

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 entities 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 unrealized 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 significant influence 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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

Equity method

Under the equity method of accounting, 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 or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates and 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 entities 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 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 consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
Particulars	**As at 1st April, 2018**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2019**	**As at 1st April, 2018**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2019**	**As at 31st March, 2019**	**As at 31st March, 2018**
Lease hold Land	2,518	-	11	-	2,529	170	24	-	194	2,335	2,348
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,364	-	-	-	13,364	3,302	475	-	3,777	9,587	10,062
Plant and Machinery	8,678	30	-	90	8,618	6,801	634	76	7,359	1,259	1,877
Plant and Machinery - Windmill	764	-	-	-	764	653	51	-	704	60	111
Furniture and Fixture	340	1	-	*	341	266	31	*	297	44	74
Refrigerators and Air Conditioners	87	*	-	-	87	67	-	-	67	20	20
Office Equipments	240	3	-	1	242	230	6	1	235	7	10
Motor Vehicles	77	-	-	6	71	41	7	6	42	29	36
31 March 2019	**26,357**	**34**	**11**	**97**	**26,305**	**11,530**	**1,228**	**83**	**12,675**	**13,630**	**14,827**

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

(a) Other Adjustments for Property, plant and equipment include Rs. Nil (31 March, 2018 Rs. 7) 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(Kumardhubi Unit-I) 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 March, 2019 of Rs.523 , 31 March, 2018 Rs. 707;) comprised in erstwhile Product Division of MBECL(Kumardhubi Unit-I). [Refer Note 33]

	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
Particulars	**As at 1st April, 2017**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2018**	**As at 1st April, 2017**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2018**	**As at 31st March, 2018**	**As at 31st March, 2017**
Lease hold Land	2,516	-	2	-	2,518	137	33	-	170	2,348	2,379
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,360	-	4	-	13,364	2,726	576	-	3,302	10,062	10,634
Plant and Machinery	8,639	39	1	1	8,678	5,954	848	1	6,801	1,877	2,685
Plant and Machinery - Windmill	764	-	-	-	764	602	51	-	653	111	162
Furniture and Fixture	340	-	-	-	340	229	37	-	266	74	111
Refrigerators and Air Conditioners	87	-	-	-	87	59	8	-	67	20	28
Office Equipments	234	10	-	4	240	227	7	4	230	10	7
Motor Vehicles	65	14	-	2	77	36	7	2	41	36	29
31 March 2018	**26,294**	**63**	**7**	**7**	**26,357**	**9,970**	**1,567**	**7**	**11,530**	**14,827**	**16,324**

(a) Other Adjustments for Tangible assets include Rs.7 (31 March, 2017 Rs. (15)) 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(Kumardhubi Unit-I) 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 March, 2018 of Rs. 707, 31 March, 2017 Rs. 1,067)comprised in erstwhile Product Division of MBECL(Kumardhubi Unit-I). [Refer Note 33]

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Note 4 CAPITAL WORK-IN-PROGRESS		
Capital work-in-progress	41	17

Note 5 INVESTMENT PROPERTIES [LEASEHOLD LAND]	31-Mar-19	31-Mar-18
Gross carrying amount		
Opening gross carrying amount / Deemed cost	408	408
Additions	-	-
Disposals / Adjustments	(11)	-
Closing gross carrying amount	**397**	**408**
Accumulated depreciation		
Opening accumulated depreciation	30	27
Depreciation charge	3	3
Adjustment on disposal	-	-
Closing accumulated depreciation	**33**	**30**
Net carrying amount	**364**	**378**

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

	31-Mar-19	31-Mar-18
Rental income (included under Other Income - Note 25)	48	72
Direct operating expenses from property that generated rental income	(5)	(5)
Profit from investment properties before depreciation	**43**	**67**
Depreciation	(3)	(3)
Profit from investment properties	**40**	**64**

(ii) Leasing arrangements

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

(iii) **Fair value**

	31-Mar-19	31-Mar-18
Investment properties	2,250	1,523

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 for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 6 INTANGIBLE ASSETS

	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	**As at 1st April, 2018**	**Additions**	**Other Adjustments**	**Sale/ Adjustment**	**As at 31st March, 2019**	**As at 1st April, 2018**	**For the year**	**Sale/ Adjustment**	**As at 31st March, 2019**	**As at 31st March, 2019**	**As at 31st March, 2018**
Design and Drawings	2,250	-	-	-	2,250	2,216	30	(4)	2,250	*	34
Computer Software	195	-	-	-	195	194	1	-	195	-	1
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2019	**2,465**	**-**	**-**	**-**	**2,465**	**2,430**	**31**	**(4)**	**2,465**	*****	**35**

	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	2,146	70	-	2,216	34	104
Computer Software	195	-		-	195	194	-	-	194	1	1
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2018	**2,465**	**-**	**-**	**-**	**2,465**	**2,360**	**70**	**-**	**2,430**	**35**	**105**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 7 TRADE RECEIVABLES	31-Mar-19	31-Mar-18
Receivables Considered Good-Unsecured	10,943	12,904
Receivables-Credit Impaired	3,516	4,475
Less: Allowance for credit impaired receivables	(3,516)	(4,475)
Total receivables	**10,943**	**12,904**
Current portion	9,360	11,138
Non-current portion $	1,583	1,766

$ Represents retention debtors receivable beyond twelve months from 31 March, 2019.

BREAK-UP OF SECURITY DETAILS	31-Mar-19	31-Mar-18
Secured, considered good	-	-
Unsecured, considered good	10,943	12,904
Credit Impaired	3,516	4,475
Total	**14,459**	**17,379**
Less: Allowance for credit impaired receivables	(3,516)	(4,475)
Total trade receivables	**10,943**	**12,904**

Note 8 CASH AND CASH EQUIVALENTS	31-Mar-19	31-Mar-18
Balances with banks		
- in current accounts	378	236
- in dividend accounts #	-	2
Deposits with maturity of less than three months @	175	163
Cash on hand	6	6
Total cash and cash equivalents	**559**	**407**
@ Amount under lien	12	**40**

Earmarked for payment of unpaid dividend only.

Note 9 OTHER BANK BALANCES	31-Mar-19	31-Mar-18
Bank deposits with original maturity greater than three months and maturing within twelve months @	272	152
Total other bank balances	**272**	**152**
@ Amount under lien	272	152

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19		31-Mar-18	
Note 10 OTHER FINANCIAL ASSETS	**Current**	**Non-current**	**Current**	**Non-current**
Security deposits - considered good	19	138	14	142
Security deposits - considered doubtful	-	2	-	2
Less: Allowances for doubtful security deposits	-	(2)	-	(2)
Other receivable	44	338	35	297
Interest accrued on deposits with banks	*	-	*	-
Unbilled revenue	605	-	183	448
Total other financial assets	**668**	**476**	**232**	**887**

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

Note 11 INVENTORIES [Refer Note 1.9]	**31-Mar-19**	**31-Mar-18**
Raw materials	2,551	2,334
Work-in-progress	7,376	11,199
Finished goods	-	155
Stores and spares	791	744
Losse Tools	64	182
Total inventories	**10,782**	**14,614**

	31-Mar-19		31-Mar-18	
Note 10 OTHER CURRENT AND NON-CURRENT ASSETS	**Current**	**Non-current**	**Current**	**Non-current**
Unsecured, considered good, unless stated otherwise				
Prepaid Lease Payments	*	1	*	1
Capital Advance	-	5		5
Gratuity Receivable @	22	-	25	
Balance with Government Authorities	559	-	602	
Advance for goods and services	545	-	585	-
Others				
Prepayments	115	-	220	
Security Deposit	75	*	46	*
Total other current assets	**1,316**	**6**	**1,478**	**6**

@Gratuity Actuarial Valuation - Fair Value of plan asset is more than present value of obligation

* amount is below rounding off norm adopted by Group.

Note 13 CURRENT TAX ASSETS (NET)	**31-Mar-19**	**31-Mar-18**
Opening balance	360	198
Add : Advance tax paid during year (including tax deducted at source)	38	228
Less : Refund received during the year	-	(66)
Closing balance	**398**	**360**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

The balance comprises temporary differences attributable to:

	31-Mar-19	31-Mar-18
Note 14 DEFERRED TAX ASSET		
Deferred tax asset on account of		
Unabsorbed Tax Depreciation/buisness loss	5,937	4,760
Items allowable for tax purpose on payment basis	123	124
Allowance for doubtful debts and doubtful advances	735	678
Others	293	528
Total deferred tax assets	**7,088**	**6,090**
Deferred tax liability on account of		
Property, plant and equipment, investment property and intangible assets	(848)	(975)
Others	(6)	(14)
Total deferred tax liabilities	**(854)**	**(989)**
Net deferred tax asset/(liability)	**6,234**	**5,101**

Significant estimates

The group has recognised deferred tax assets on carried forward tax losses. The group 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 group. [Refer Note 46].

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 1 April 2017	**3,731**	**157**	**708**	**(1,226)**	**500**	**3,870**
Charged/(credited):						
- to profit or loss	1,029	(14)	(30)	251	14	1,250
- to other comprehensive income	-	(19)	-	-	-	(19)
At 31 March 2018	**4,760**	**124**	**678**	**(975)**	**514**	**5,101**
Charged/(credited):						
- to profit or loss	1,177	(32)	57	127	(227)	1,102
- to other comprehensive income	-	31	-	-	-	31
At 31 March 2019	**5,937**	**123**	**735**	**(848)**	**287**	**6,234**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 15 EQUITY SHARE CAPITAL	31-Mar-19		31-Mar-18	
	Number of shares	Amount	Number of shares	Amount
(i) Authorised				
Equity Shares of Rs. 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Preference Shares of Rs. 10/- each	40,00,000	400	40,00,000	400

	31-Mar-19		31-Mar-18	
	Number of shares	Amount	Number of shares	Amount
(ii) Issued, Subscribed and Paid up Equity Shares				
Equity Shares of Rs. 10/- each	1,25,89,273	1,259	1,07,89,273	1,079
- 3,455,529 Equity Shares (31 March, 2018: 3,455,529 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement				
- 3,600,000 Equity Shares (31 March, 2018: 1,800,000 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to conversion of Compulsorily Convertible Preference Shares				
		1,259		**1,079**
Preference Shares				
Compulsurily Convertible Preference Shares of Rs. 10/- each	-	-	18,00,000	180
(issued for consideration other than cash)				
		-		**180**

	31-Mar-19	31-Mar-18
	Number of shares	Number of shares
(iii) Equity Shares are held by the holding company	1,02,68,698	85,29,698

	31-Mar-18		31-Mar-17	
	Number of shares	Amount	Number of shares	Amount
(iv) Reconciliation of shares				
Equity Shares				
Shares outstanding at the beginning of the year	1,07,89,273	1,079	89,89,273	899
Add: Equity shares issued in lieu of conversion	18,00,000	180	18,00,000	180
Shares outstanding at the end of the year #	**1,25,89,273**	**1,259**	**1,07,89,273**	**1,079**
Preference Shares				
Shares outstanding at the beginning of the year	18,00,000	180	36,00,000	360
Issued during the year				
Less: Conversion in to equity shares	(18,00,000)	(180)	(18,00,000)	(180)
Shares outstanding at the end of the year	**-**	**-**	**18,00,000**	**180**

Includes 36,00,000 equity shares issued in physical form in lieu of conversion of compulsorily convertible preference shares. These shares could not be enlisted as the Company was not listed with a nationally recognised stock exchange at the time of issue of the compulsorily convertible preference shares and as such in-principal approval as per SEBI guildelines for such issue has not been obtained till date.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(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.

(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 were allotted on 31 March 2017, as fully paid-up pursuant to a contract without payments being received in cash. These shares carried cumulative dividend of 1% p.a. and were convertible into equity shares within 18 months from the date of issue date (i.e. 31 March, 2017). Such conversion happened during the years ended 31 March, 2019 and 31 March, 2018.

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

	31-Mar-19		31-Mar-18	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited $	1,02,68,698	81.56	85,29,698	79.06
EIG (Mauritius) Limited	13,40,000	10.64	13,40,000	12.42

$ Includes equity shares pledged by Holding Company, McNally Bharat Engineering Company Limited as security for term loan from ICICI Bank – 2,337,211 equity shares (31 March, 2018 : 2,337,211 equity shares)

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

	31-Mar-19		31-Mar-18	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	-	-	18,00,000	100.00

(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. Out of same, 50% were converted into equity shares on February 7, 2018 and the balance 50% were converted into Equity Shares on August 14, 2018.

Note 16 RESERVES AND SURPLUS	31-Mar-19	31-Mar-18
Capital reserve	6,663	6,663
Securities premium reserve	5,712	5,712
General reserve	1,520	1,520
Retained earnings	(8,583)	(4,718)
Total reserves and surplus	**5,312**	**9,177**

(i) Capital reserve

	31-Mar-19	31-Mar-18
Opening balance	6,663	6,663
Closing balance	**6,663**	**6,663**

(ii) Securities premium reserve

	31-Mar-19	31-Mar-18
Opening balance	5,712	5,712
Closing balance	**5,712**	**5,712**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(iii) General reserve

	31-Mar-19	31-Mar-18
Opening balance	1,520	1,520
Closing balance	**1,520**	**1,520**

(iv) Retained earnings *(All amounts in Rs lakhs, unless otherwise stated)*

	31-Mar-18	31-Mar-17
Opening balance	(4,718)	(1,145)
Net profit / (loss) for the period	(3,776)	(3,616)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(89)	43
Closing balance	**(8,583)**	**(4,718)**

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 17 NON-CURRENT BORROWINGS	31-Mar-19	31-Mar-18
Secured Loans		
Term Loans		
From Banks	3,373	4,739
From Others	6	9
Total non-current borrowings	**3,379**	**4,748**
Less: Current maturities of long-term debt (included in note 19)	2,005	1,630
	1,374	**3,118**
Inter - corporate deposit	3,198	-
Non-current borrowings (as per balance sheet)	**4,572**	**3,118**

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 and Rate of Interest
i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,487 (31 March, 2018 Rs. 3,725) 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 and pledge over 26% shares of the Company held by Holding Company. This facility is also guaranteed by Holding Company.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on 17 June, 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.
ii. Year end term loan balance from DBS Bank Ltd. of Rs 875 (31 March, 2018 Rs. 1,000) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Holiding Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 8 equal quarterly installments of Rs 125 each beginning from 3 July, 2017. Interest is payable at the 13% p.a. on monthly basis.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 6 (31 March, 2018 Rs. 9) 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.
iv. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 11 (31 March, 2018 Rs. 14) to be secured by hypothecation of the asset under finance.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 8.24%p.a.

B. The Company has submitted in debt resolution plan to its lenders and have been servicing its debts as per plan. It has thereby defaulted in the servicing of its debts as per the the existing contractual terms. The details of default during the year and continuing defaults at the year end are as follows :

Name of lender		Amount of default More than 3 months		Amount of default Upto 3 months	
		Principal	Interest	Principal	Interest
Term Loans from Banks					
-ICICI Bank	$	-	69	1250	267
	@	-	-	-	107
-DBS Bank	$		11	125	44
	@	125	39	125	28
Loan from Bank Repayable on Demand					
-ICICI Bank	$	-	-	-	293
-Kotak Mahindra Bank	$	-	-	-	165
-DBS Bank	$	-	-	-	83
	@	-	67	-	49
-IDBI Bank	$	-	-	-	119
	@	-	61	-	65
TOTAL		**125**	**247**	**1500**	**1220**

$ - Amount of default remediated during the year

@ - Amount of default persisting as on the closing date

Note 18 CURRENT BORROWINGS	**31-Mar-19**	**31-Mar-18**
Secured Loans from Banks		
Loans Repayable on demand #	15,046	12,657
Unsecured Loans		
Inter - corporate deposit	1,797	3,995
Total current borrowings	**16,843**	**16,652**

Nature of Security on Secured Loans availed from Banks

\# Cash Credit facilities and Working Capital Demand Loans of Rs.13,106 (31-Mar-18: Rs. 10,845) 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 property, plant and equipment of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future.

\# Loans repayable on demand of Rs. 1,940 (31-Mar-18: Rs. 1,812) are secured by:

a. ICICI Bank Limited : Secured by first charge by way of hypothecation of Company'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 company.

b. Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited) : Secured by first charge by way of hypothecation of Company's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and

Notes to the consolidated financial statements for the year ended 31st March, 2019

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.

c. Secured by Corporate Guarantee of McNally Bharat Engineering Company Limited (MBECL) in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited).

Amendments to Ind AS 7 Statement of Cash Flows: Disclosures Initiatives

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for current period.

Particulars		1-Apr-18	Cash Flow $	Other Adjustments ^	31-Mar-19
Borrowings (Non-current and current maturities of long term debts)	@	4,748	1,829	-	6,577
Borrowings (Current)	*	16,652	191	-	16,843
Total		**21,400**	**2,020**	**-**	**23,420**

$ Refer consolidated statement of Cash Flows

^ Other adjustments indicate Foreign Exchange movements, changes in fair value and adjustments to borrowings, if any.

@ Refer Note 17 and Note 19

* Refer Note 18

Particulars		1-Apr-17	Cash Flow $	Other Adjustments ^	31-Mar-18
Borrowings (Non-current and current maturities of long term debts)	@	7,258	(2,510)	-	4,748
Borrowings (Current)	*	13,804	2,848	-	16,652
Total		**21,062**	**338**	**-**	**21,400**

$ Refer consolidated statement of Cash Flows

^ Other adjustments indicate Foreign Exchange movements, changes in fair value and adjustments to borrowings, if any.

@ Refer Note 17 and Note 19

* Refer Note 18

(All amounts in Rs lakhs, unless otherwise stated)

Note 19 OTHER FINANCIAL LIABILITIES	31-Mar-19	31-Mar-18
Current		
Current maturities of long-term debt	2,005	1,630
Interest accrued and due on Borrowings @	604	120
Employee benefits payable	326	417
Creditors for capital goods	19	45
Unpaid Dividends	-	2
Liability for Other Expenses $	1,249	1,355
Total Current	**4,203**	**3,569**
Total other financial liabilities	**4,203**	**3,569**

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

@ For interest accrued and due on bank borrowings as at 31 March, 2019, refer Note 17 B

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 20 TRADE PAYABLES	**31-Mar-19**	**31-Mar-18**
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 40)	21	108
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,712	12,950
Total trade payables	**7,733**	**13,058**
Non-current portion	3	19
Current portion	7,730	13,038

Note 21 PROVISIONS	**31-Mar-19**	**31-Mar-18**
Warranty	103	117
Liquidated damages	-	50
Anticipated loss on contracts	126	109
Total	**229**	**276**
Current portion	103	167
Non-current portion	126	109

(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 2019, this particular provision had a carrying amount of Rs 103 lakhs (31 March, 2018 Rs 117 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 11 lakhs higher or lower (31 March, 2018 Rs 12 lakhs higher or lower).

(ii) Movements in provisions

	Warranty	
	31-Mar-19	**31-Mar-18**
Balance as at the beginning of the year	117	152
Additions	13	21
Amount used	(12)	(21)
Amount reversed	(15)	(35)
Balance as at the end of the year	**103**	**117**

	Liquidated Damages	
	31-Mar-19	**31-Mar-18**
Balance as at the beginning of the year	50	50
Additions	-	-
Amount used	(50)	-
Balance as at the end of the year	**-**	**50**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Anticipated loss on contracts	
	31-Mar-19	31-Mar-18
Balance as at the beginning of the year	109	95
Unwinding of discount	17	15
Amount used	*	(1)
Balance as at the end of the year	**126**	**109**

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

	31-Mar-19			31-Mar-18		
Note 22 EMPLOYEE BENEFIT OBLIGATIONS	Current	Non-current	Total	Current	Non-current	Total
Gratuity	291	-	291	223	-	223
Compensated Absence	20	176	196	42	164	206
Long Term Service Award	2	10	12	2	5	7
Total employee benefit obligations	**313**	**186**	**499**	**267**	**169**	**436**

(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) :

	Present value of obligation	Fair value of plan assets	Net amount
01-Apr-17	**779**	**(519)**	**260**
Current service cost	36	-	36
Interest expense/(income)	55	(40)	15
Total amount recognised in profit or loss	**91**	**(40)**	**51**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	6	6
(Gain)/loss from change in financial assumptions	(8)	-	(8)
Experience (gains)/losses	(60)	-	(60)
Total amount recognised in other comprehensive income	**(68)**	**6**	**(62)**
Employer contributions/premiums paid	-	(51)	(51)
Benefit payments	(130)	130	-
31-Mar-18	**672**	**(474)**	**198 $**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
01-Apr-18	**672**	**(474)**	**198**
Current service cost	38	-	38
Interest expense/(income)	43	(37)	6
Total amount recognised in profit or loss	**81**	**(37)**	**44**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	8	8
(Gain)/loss from change in financial assumptions	4	-	4
Experience (gains)/losses	110	-	110
Total amount recognised in other comprehensive income	**114**	**8**	**122**
Employer contributions/premiums paid	-	(95)	(95)
Benefit payments	(215)	215	-
31-Mar-19	**652**	**(383)**	**269 $**

$ Refer Note 12 and Note 22

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

	31-Mar-19	31-Mar-18
Present value of funded obligations	652	672
Fair value of plan assets	(383)	(474)
Deficit of funded plans	269	198

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-19	31-Mar-18
Discount rate	7.70%	7.75%
Salary escalation rate	4% - 6%	4% - 6%
Withdrawl rate	1% to 8%	1% to 8%
Mortality rate: In accordance with standard table Indian Assured Lives Mortality (2006-08) estimate		

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, 2020 is not readily ascertainable.

Expected Payout

The weighted average duration for 2018-19 of the defined benefit obligation is 9.82 years (March 31, 2018 : 10.09 years). The expected maturity analysis of undiscounted gratuity is as follows

	31-Mar-19	31-Mar-18
Less than a year	103	58
Between 1 to 2 years	217	136
Between 2 to 5 years	261	368
More than 5 Years	558	378
Total	**1,139**	**940**

Notes to the consolidated financial statements for the year ended 31st March, 2019

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

	31-Mar-19	31-Mar-18
Sensitivity Analysis		
Increase in discount rate by 1%	619	639
Decrease in discount rate by 1%	687	707
Increase in salary escalation by 1%	688	708
Decrease in salary escalation by 1%	617	638
Increase in Withdrawal rate by 1%	646	678
Decrease in Withdrawal rate by 1%	657	664

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 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 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 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 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 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.136 (2017-18 Rs. 133) to the Provident Fund Trust has been expensed under the " Contribution to Provident and Other Funds" in Note 28. Disclosures given hereunder are restricted to the information available as per the Actuary's report.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Principal Actuarial assumptions used:

	31-Mar-19	31-Mar-18
Discount rate	7.70%	7.75%
Expected Return on Exempted Fund	8.65%	8.55%

(ii) Post Employment Defined Contribution Plan

During the year, an amount of Rs. 67 lakhs (Year ended 31 March, 2018: Rs. 70 lakhs) has been recognised as expenditure towards defined contribution provident fund of the company.

	31-Mar-19	31-Mar-18
Note 23 OTHER CURRENT LIABILITIES		
Advance received from customers	4,989	2,998
Dues payable to government authorities	50	856
Total other current liabilities	**5,039**	**3,854**
Current portion	4,718	3,486
Non-current portion	321	368

	31-Mar-19	31-Mar-18
Note 24 REVENUE FROM OPERATIONS		
Sale of products (including excise duty)	22,234	21,453
Sale of services	1,241	2,283
Contract Revenue	269	905
Other operating revenue	837	815
Total revenue from operations	**24,581**	**25,456**

	31-Mar-19	31-Mar-18
Note 25 OTHER INCOME		
Rental income	48	75
Provision for anticipated losses written back	*	-
Interest income from financial assets at amortised cost	21	25
Allowance for bad debts written back	375	-
Net gain on sale of tangible assets	-	2
Provision no longer required written back	395	257
Liability no longer required written back	390	186
Advance Written Back	112	-
Profit on Sale of property, plant and equipments	5	-
Net foreign exchange gain	1	20
Others	69	113
Total other income	**1,416**	**678**

* amount is below rounding off norm adopted by Group

	31-Mar-19	31-Mar-18
Note 26 COST OF MATERIALS CONSUMED		
Raw materials at the beginning of the year	2,334	2,519
Add: Purchases	10,175	10,274
Less: Raw material at the end of the year	2,551	2,334
Total cost of materials consumed	**9,958**	**10,459**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Note 27 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS		
Opening balance		
Work-in progress	11,199	11,077
Finished goods	155	63
Total opening balance	**11,354**	**11,140**
Closing balance		
Work-in progress	9,940	11,199
Finished goods	-	155
Total closing balance	**9,940**	**11,354**
Total changes in inventories of work-in-progress and finished goods	1,414	(214)

	31-Mar-19	31-Mar-18
Note 28 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	3,107	3,153
Contribution to provident and other funds	247	217
Staff welfare expenses	128	150
Total employee benefit expense	**3,482**	**3,520**

	31-Mar-19	31-Mar-18
Note 29 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	1,228	1,567
Depreciation on investment properties	3	3
Amortisation of intangible assets	31	70
Total depreciation and amortisation expense	**1,262**	**1,640**

	31-Mar-19	31-Mar-18
Note 30 OTHER EXPENSES		
Consumption of stores and spares	1,192	2,598
Fabrication and other charges	1,632	2,602
Power	297	313
Repairs and maintenance	-	
Plant and machinery	73	16
Buildings	16	54
Others	71	69
Professional fees	473	615
Rental charges	77	74
Subscriptions and donations	1	1
Bank charges	25	17
Rates and taxes	57	37
Insurance	80	107
Freight	231	278
Travel and conveyance	451	513
Royalty	7	31
Commission expenses	88	155
Bad debts written off	7	152
Liquidated Damages Expenses	10	-
Allowance for doubtful debts on trade receivables / other assets	351	670
Advance Written Off	12	-
Provision for warranty	(2)	*
Net Loss on foreign currency transactions/translations	4	-
Miscellaneous expenses (refer note 30 (a) below)	923	657
Total other expenses	**6,076**	**8,959**

* Amount is below rounding off norms adopted by the Group

Notes to the consolidated financial statements for the year ended 31st March, 2019

Note 30 (a) **Miscellaneous expenses include :**

	31-Mar-19	31-Mar-18
Payment to auditors	-	-
Audit fee	46	46
Other services *	10	16
Total payments to auditors	**56**	**62**

* Includes Rs. 4 lacs paid to erstwhile auditor

Note 30 (b) **Corporate 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

	31-Mar-19	31-Mar-18
Note 31 FINANCE COSTS		
Interest and finance charges on financial liabilities at amortised cost	3,686	3,606
Other borrowing cost	-	34
Total Finance costs	**3,686**	**3,640**

Note 32 **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.

	31-Mar-19	31-Mar-18
(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	(997)	(963)
(Decrease) increase in deferred tax liabilities	(136)	(268)
Total deferred tax expense/(benefit)	**(1,133)**	**(1,231)**
Income tax expense	**(1,133)**	**(1,231)**
-through Profit and Loss	**(1,102)**	**(1,250)**
-through Other Comprehensive Income	**(31)**	**19**

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

	31-Mar-19	31-Mar-18
Profit from continuing operations before income tax expense	(4,878)	(4,866)
Other comprehensive income	(120)	62
	(4,998)	**(4,804)**
Tax at the applicable Indian tax rate	**-**	**-**
Income tax charge on profit of a subsidary	(123)	(101)
Add : Deferred Tax Asset created for Unabsorbed business loss	(957)	(852)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	1	28
Disallowance for doubtful debts and doubtful advances	(142)	(71)
Change in carrying value of assets under Income tax and books	(126)	(252)
Others	214	17
Income tax expense	**(1,133)**	**(1,231)**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-19	31-Mar-18
Note 33 CONTINGENT LIABILITIES		
(a) Claims against the Group not acknowledged as debts : -		
Excise Duty and Service tax matters under dispute	2,479	2,479
Sales Tax and Value Added Tax matters under dispute	3,562	3,641
Income-tax matters	1,074	413
Civil Suits filed by Customer for Equipment issue	117	-
Demand from Jharkhand Mineral Area Development Authority	1,055	-
Civil Suits filed by Suppliers	132	-
Other claims	41	137
	8,460	**6,670**
(b) Others		
Performance bank guarantees [Limit: 2,900 lacs (31 March, 2018: 2,900 lacs)] -Amount utilised	1,949	1,222
Corporate Guarantee to banks on behalf of holding company to the extent of value of erstwhile product division of Holding Company (Kumardhubi Unit I) [Refer Note 3(b)]	5,950	5,950
	7,899	**7,172**
	16,359	**13,842**

Future cash outflows in respect of the above matters are determinable only on receipts of judgments / decisions pending at various forums / authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.

Note 34 FAIR VALUE MEASUREMENTS

Financial instruments by category

	31 March 2019			31 March 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Trade Receivables	–	–	10,943		-	12,904
Cash and Cash Equivalents	–	–	559	-	-	407
Other bank balances	–	–	272	-	-	152
Other financial assets	–	–	1,144	-	-	1,119
Total Financial Assets	**–**	**–**	**12,918**	**-**	**-**	**14,582**
Financial Liabilities						
Borrowings	–	–	21,415	-	-	19,770
Trade payables	–	–	7,733	-	-	13,057
Other financial liabilities	–	–	4,203	-	-	3,569
Total Financial Liabilities	**–**	**–**	**33,351**	**-**	**-**	**36,396**

(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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(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 2019

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled Revenue	10			605	605
Total Financial Assets		**-**	**-**	**605**	**605**
Financial Liabilities					
Retention money payable	19	-	-	88	88
Total Financial Liabilities		**-**	**-**	**88**	**88**

Financial assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March 2018

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled Revenue	10			631	631
Total Financial Assets		**-**	**-**	**631**	**631**
Financial Liabilities					
Retention money payable	19	-	-	85	85
Total Financial Liabilities		-	**-**	**85**	**85**

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 observable 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

The carrying amount of financial assets and financial liablities carried at amortised cost are considered to be the same as their fair value, due to their short term nature

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

	31-Mar-19		31-Mar-18	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Unbilled revenue	605	596	631	609
Total financial assets	**605**	**596**	**631**	**609**
Financial liabilities				
Retention money payable	88	87	85	85
Total financial liabilities	**88**	**87**	**85**	**85**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

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 35 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

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.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

(a) Expected credit loss for other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default		Expected probability of default		Expected credit losses		Carrying amount net of impairment provision	
				Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
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	1,144	1,119	-	-	-	-	1,144	1,119

(iii) Reconciliation of loss allowance provision - Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Loss allowance on at opening balance sheet date	4,475	4,212
Changes in loss allowance	(959)	263
Loss allowance on at closing balance sheet date	3,516	4,475

The Group has receivables from certain customers against whom insolvency proceedings have been initiated during the year under the Insolvency and Bankruptcy Code, 2016. In view of the same, the Group has already made adequate provision to its future financial losses.

(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 obligations 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-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Borrowings	16,843	16,652	4,572	3,118	21,415	19,770
Trade payables	7,730	13,038	3	19	7,733	13,057
Other financial liabilities	4,203	3,569	-	-	4,203	3,569
Total Liability	**28,776**	**33,259**	**4,575**	**3,137**	**33,351**	**36,396**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

(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 INR cash flows of such recognised assets and liabilities**.**

(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:

Particulars	As at 31 March 2019		As at 31 March 2018	
	USD	EURO	USD	EURO
Financial Assets				
Trade Receivables	*	*	1	-
	-	**-**	**1**	**-**
Financial Liability				
Trade Payable	32	2	-	-
	32	**2**	**-**	**-**

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

(b) Sensivity:

Impact on profit

Particulars	As at 31 March 2019		As at 31 March 2018	
	USD	EURO	USD	EURO
Increase by 5% #	(111)	(6)	3	-
Decrease by 5% #	111	6	(3)	-

Holding all other variables constant

(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 Company to cash flow interest rate risk. During 31 March 2019 and 31 March 2018, the group's borrowings at variable rate were mainly denominated in INR .

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 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 Group's borrowings to interest rate changes at end of reporting period are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate borrowings	18,425	17,405
Fixed rate borrowings	4,995	3,995

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

(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 2019	As at 31 March 2018
Increase in interest rates by 50 basis points (50 bps) #	(90)	(86)
Decrease in interest rates by 50 basis points (50 bps) #	90	86

Holding all other variables constant

Note 36 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.

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 some have not been complied with as at balance sheet date. However, the banks have not withdrawn the facilities.

Note 37 ASSETS PLEDGED AS SECURITY

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

Particulars	31-Mar-19	31-Mar-18
Current		
Financial Assets		
Trade Receivables	11,016	12,919
Cash and Cash Equivalents	587	482
Non-financial Assets		
Inventories	10,782	14,614
Other current assets	1,061	1,180
Total Current assets	**23,446**	**29,195**
Non-current		
Property, Plant and Equipments	13,101	14,112
Capital work-in-progress	24	*
Investment properties	364	378
Other intangible assets	*	34
Total Non-current assets	**13,489**	**14,524**
Total Assets pledged as security	**36,935**	**43,719**

* rounding off norm adopted by the Company.

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 38 EARNINGS PER SHARE

Particulars	31-Mar-19	31-Mar-18
Basic Earning per share		
Net profit/ (loss) after tax	(3,776)	(3,616)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	1,19,23,520	1,16,02,972
Basic Earning per share (in Rs)	**(31.67)**	**(31.16)**
Diluted Earning per share		
Net profit/ (loss) after tax	(3,776)	(3,616)
Net profit/ (loss)	(3,776)	(3,616)
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	1,19,23,520	1,16,02,972
Diluted Earning per share (in Rs)	**(31.67)**	**(31.16)**
Weighted average number of shares used as the denominator		
Number of equity share at the beginning of the year	1,07,89,273	89,89,273
Weighted average number of equity share issued during the year	11,34,247	26,13,699
Weighted average number of equity share at the end of the year	1,19,23,520	1,16,02,972

* Compulsory Convertible Prefernce Shares has not been considered for Diluted Earning per Share in 2017-18 being anti dilutive in nature

	31-Mar-19	31-Mar-18
Note 39 COMMITMENTS		
(a) Capital Commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:	38	40

(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. 57 (31 March, 2018 : Rs. 62) paid/payable are charged as Rent under Other Expenses.

	31-Mar-19	31-Mar-18
Note 40 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	21	108
Interest	28	10
(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	346	-
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	-	-
Interest	71	10

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs.10 lakhs (31.03.2018 Rs. 7 lakhs) being interest outstanding as at the beginning of the accounting year]	71	17
(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	33	29

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 41 Revenue Expenditure on Research and Development of Rs 32 (31.03.2018 Rs. 47)

Note 42 The Group is primarily engaged in two business segments, viz. "Turnkey engineering" and "other engineering products" and predominantly operates in one Geographical segment. Accordingly, the Chief Operating decison maker has identified the business segment as the operating segment as per Indian Accounting Standard 108 on "Segment Reporting

Segment Information:

	31-Mar-19	31-Mar-18
i) Segment Revenue		
- Turnkey engineering	269	905
- Other engineering products	24,312	24,551
Revenue from operations (Refer Note 24)	**24,581**	**25,456**
ii) Segment Results		
-Profit/ (Loss) from Turnkey engineering	(126)	35
- Profit/(Loss) from Other engineering products	1,525	(1,261)
Total	1,399	(1,226)
Less: i) Finance Cost	3,686	3,640
ii) Exceptional items	2,591	-
(Loss) before Tax	**(4,878)**	**(4,866)**
ii) Segment Assets		
- Turnkey engineering	5,301	5,428
- Other engineering products	33,757	44,583
Total	**39,058**	**50,011**
Add: Unallocated Assets	6,631	1,387
Total Assets	**45,689**	**51,398**
iv) Segment Liabilities		
- Turnkey engineering	4,182	3,942
- Other engineering products	11,517	15,619
Total	**15,699**	**19,561**
Add: Unallocated Liabilities	23,419	21,401
Total Liabilities	**39,118**	**40,962**

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Note 43 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 #
      MBE Mineral Technologies Pte Limited #
      MBE Minerals Zambia Ltd #

   iii) Entities having significant influence over the Holding Company
      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. Pradip Kumar Tibdewal – Whole time Director
      Mr. Uttam Tekriwal – Chief Financial Officer
      Mr. Saikat Ghosh - Company Secretary

   vi) Key management personnel of Holding Company
      - Mr. Srinivash Singh – Managing Director
      - Mr. Manoj Kumar Digga - Chief Financial Officer
      - Mr. Indranil Mitra - Company Secretary
      # No transactions during the year.
      $ MBIL, a fellow subsidiary till 17th February 2017

c) Transactions with related parties:

The following transactions occurred with related parties:

Particulars	31-Mar-19	31-Mar-18
Sale of Products and Services - MBECL	2,277	3,590
Purchase of goods and services - MBECL	-	611
Rental Income - MBECL	48	72
Rental and Other Charges - MBECL	18	24
Issue of Equity Shares - MBECL	180	180
Remuneration paid to key management personnel	160	142
Contribution to Fund - MBESGF	90	46
Contribution to Fund - MBEPF	136	133

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

(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-18	31-Mar-17
Trade and Other Receivables		
MBECL	242	899
Trade Payables		
MBECL	-	2,697
Other Current Liabilities		
MBECL	2,767	-
Outstanding Compulsorily Convertibe Preference Shares		
MBECL	-	1,350
Outstanding Corporate Guarantee Given		
MBECL	5,950	5,950
Outstanding Corporate Guarantee Received		
MBECL	7,850	9,346
Key management personnel		
Payables	-	9

Notes :

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the Group 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 Group for the key managerial personnel.

(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 conditions and wherever applicable linked with market rates.

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

Note 44 DISCLOSURE OF RECOVERY OR SETTLEMENT OF ASSETS AND LIABILITIES

Particulars	31 March 2019		31 March 2018	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
ASSETS				
Non-current assets				
Property, plant and equipment	-	13,630	-	14,827
Capital work-in-progress	-	41	-	17
Investment properties	-	364	-	378
Other intangible assets	-	*	-	35
Financial assets				
Trade receivables	-	1,583	-	1,766
Other financial assets	-	476	-	887
Deferred tax assets	-	6,234	-	5,101
Other non-current assets	-	6	-	6

Notes to the consolidated financial statements for the year ended 31st March, 2019

(All amounts in Rs lakhs, unless otherwise stated)

Particulars	31 March 2019		31 March 2018	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Current assets				
Inventories	10,782	-	14,614	-
Financial assets				
Trade receivables	9,360	-	11,138	-
Cash and cash equivalents	559	-	407	-
Bank balances other than above	272	-	152	-
Other financial assets	668	-	232	-
Current Tax Assets (Net)	398	-	360	-
Other current assets	1,316	-	1,478	-
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	-	4,572	-	3,118
Trade payables	-	3	-	19
Provisions	-	126	-	109
Employee benefit obligations	-	186	-	169
Other non-current liabilities	-	321	-	368
Current liabilities				
Financial Liabilities				
Borrowings	16,843	-	16,652	-
Trade payables	7,730		13,038	
Other financial liabilities	4,203	-	3,569	-
Provisions	103	-	167	-
Employee benefit obligations	313	-	267	-
Other current liabilities	4,718	-	3,486	-

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

Note 45

Additional information pursuant to the requirement of Schedule III to the Act of entities considered in Consolidated Financial Statements are set out below :

Particular	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	97%	6,367	86%	(3,255)
Subsidiary				
MBE Coal & Mineral Technology India Private Limited	3%	204	14%	(521)
TOTAL	**100%**	**6,571**	**100%**	**(3,776)**

Notes to the consolidated financial statements for the year ended 31st March, 2019

Note 46

The parent company's financial performance have been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Parent Company's control due to which the parent company has not been able to meet its financial commitments /covenants to lenders. As a result the parent company has incurred net loss of Rs 3,776 lakhs during the year ended 31st March, 2019, which has adversely impacted the net worth of the parent company and the current liabilities of Rs 33,910 lakhs have exceeded its current assets of Rs 23,355 lkhs. These conditions have created uncertainty on the parent company's ability to continue as a going concern. The Company have submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Parent Company has initiated various processes as specified under the banking guidelines and most of these processes have already been completed. On the basis of these developments, the Parent Company is hopeful that the restructuring proposal of the parent company will be approved shortly. Additionally, the parent company is taking various measures, including cost cutting, which shall improve its operational efficiencies. The management is confident that with lenders support on the Resolution and various other measures, the parent company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence, financial statement have been prepared on a going concern basis.

Note 47

During the year, downturn of the infrastructure and core sector combined with other factors as captured in Note 46 above, necessitated the management of the Holding Company to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly a provision has been taken in the financial statements for such inventories and have been shown as an exception item.

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.

Particular	31-Mar-19	31-Mar-18
(i) Contract revenue recognized for the year	269	905
(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.	9,825	16,336
(iii) Amount of customer advances outstanding for contracts in progress	925	720
(iv) Amount retained by customers for contracts in progress	1,041	982

Note 50

Unless otherwise stated, figures in brackets relates to the previous year.

For and on behalf of Board of Directors

Pradip Kumar Tibdewal
Whole-time Director

Srinivash Singh
Director

Uttam Tekriwal
Chief Financial Officer

Saikat Ghosh
Company Secretary

Place : Kolkata
Date : 30 May, 2019

Shareholder Instructions for E-Voting

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 21.09.2019 at 9.00 A.M and ends on 24.09.2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18.09.2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant < McNally Sayaji Engineering Limited > on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

Shareholder Instructions for E-Voting

(xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xviii)If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xxii) Mr. Atul Kumar Labh Practicing Company Secretary(FCS – 4848 / CP – 3238) of M/s A. K. LABH & Co., Company Secretaries, Kolkata has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

MCNALLY SAYAJI ENGINEERING LIMITED

Corporate Identity Number (CIN): L28999WB1943PLC133247
Registered Office: Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160
Tel: +9133-3014 1213, Fax No: +9133 3014 2393,
E-mail: mse.corp@mbecl.co.in | Website: http://www.mcnallysayaji.com/

ATTENDANCE SLIP

PLEASE COMPLITE THE ATTENDANCE SLIP AND HAND IT OVER AT THE MEETING HALL. PLEASE ALSO BRING YOUR COPY OF THE ENCLOSED ANNUAL REPORT.

I/ we hereby record my/ our presence at 75th Annual General Meeting to be held on Wednesday 25th September, 2019 at 11.00 A.M at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata- 700160.

DP ID		Folio No.		Name of the Shareholder/Proxy (in Block Letter)	
Client ID		No. of Shares			

____

Signature of Shareholder / Proxy

MCNALLY SAYAJI ENGINEERING LIMITED

Corporate Identity Number (CIN): L28999WB1943PLC133247
Registered Office: Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata – 700160
Tel: +9133-3014 1213, Fax No: +9133 3014 2393,
E-mail: mse.corp@mbecl.co.in | Website: http://www.mcnallysayaji.com/

FORM NO. MGT - 11

PROXY FORM

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

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No/* Client ID *DP ID	

I/We, being the member(s) of__________________shares of the above named Company, hereby appoint:

1. Name : ____
   Address: ____
   Email Id: ____
   Signature : ______________________________, or failing him/her
2. Name : ____
   Address: ____
   Email Id: ____
   Signature : ______________________________, or failing him/her

1. Name : ____
   Address: ____
   Email Id: ____
   Signature : ______________________________, or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 75th Annual General Meeting of the company to be held on Wednesday the 25th September, 2019 at 11:00 A. M at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata- 700160, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution
Ordinary Business	
1.	Adoption of Audited Financial Statements and Audited Consolidated Financial Statements, Reports of the Board of Directors and Auditors.
2.	Appoint a Director in place of Mr. Srinivash Singh (DIN: 00789624) who retires by rotation and being eligible offers himself for reappointment.
3.	i) Approval of appointment of M/s V. Singhi & Associates as statutory auditors of the company in casual vacancy until conclusion of the Seventy Fifth Annual General Meeting. ii) To continue the appointment of M/s V. Singhi & Associates as Statutory Auditors for the period starting from conclusion of the Seventy Fifth Annual General Meeting until conclusion of the eightieth Annual General Meeting
Special Business	
4.	Appointment of Mr. Nilotpal Roy (DIN 00087298) as Independent Director
5.	Appointment of Mrs. Kasturi Roy Choudhury(DIN 06594917) as Independent Director
6.	Reclassification of the Status of Promoter's Shareholding into Public Shareholding
7.	Ratification of remuneration payable to the Cost Auditor
8.	Approval of Transactions with Related Party

Signed this _______day of _______, 2019

Affix Revenue Stamp

Signature of Shareholder __________________ Signature of Proxyholder __________________

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. For the text of the Resolutions, Explanatory Statement & Notes, please refer to the Notice convening the 75th Annual General Meeting dated 14th August 2019.

SAYAJI

McNally Sayaji Engineering Limited
Ecospace Business Park, Campus-2B, 4th Floor
11F/12, Rajarhat, New Town
Kolkata - 700 156

print@manjari.net