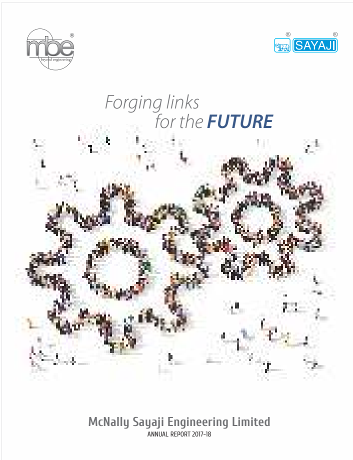
Forging links for the *FUTURE*

McNally Sayaji Engineering Limited

ANNUAL REPORT 2017-18



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

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Corporate Information

MCNALLY SAYAJI ENGINEERING LIMITED
CIN: L28999WB1943PLC133247

Board of Directors
Mr. Aditya Khaitan - Non Executive Non Independent Director
Mr. Padam Kumar Khaitan - Non Executive Independent Director
Mr.Srinivash Singh - Non Executive Non Independent Director
Mrs. Tehnaz Punwani - Non Executive Independent Director
Mr. Pradip Kumar Tibdewal - Whole Time Director

Chief Financial Officer
Mr. Uttam Tekriwal

Company Secretary
Mr. Saikat Ghosh

Statutory Auditors
M/s Lovelock & Lewes, Chartered Accountants
Plot No.Y 14, Block EP, Sector V,
Salt Lake Electronic Complex,
Kolkata - 700091

Registered Office
4 Mangoe Lane, Kolkata - 700001
West Bengal

Corporate Office
Ecospace, Campus 2B, 11F/12 (AAII/Blk 3)
New Town, Rajarhat
Kolkata - 700156, West Bengal
T: +9133 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

Notice

NOTICE is hereby given that the Seventy Fourth Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on Tuesday, September 25, 2018, at 11:00 a.m at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata - 700 156, 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, 2018, 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, 2018, and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Aditya Khaitan (DIN: 00023788), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Deloitte Haskins & Sells LLP, Chartered Accountants (FRN 117366W/W-100018) as Statutory Auditors in place of existing Statutory auditors M/s Lovelock & Lewes, Chartered Accountants (FRN: 301056E), upon conclusion of the Seventy Fourth 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 Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm Registration No. FRN 117366W/W-100018 allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Statutory Auditors M/s Lovelock & Lewes Chartered Accountants, having Firm Registration No. 301056E allotted by ICAI, who shall hold office from the conclusion of this Seventy Fourth Annual General Meeting for a term of consecutive five years till conclusion of the Seventy Ninth Annual General Meeting and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Statutory Auditors, 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. **Re-appointment of Mr.Padam Kumar Khaitan as an Independent Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special 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), Mr. Padam Kumar Khaitan (DIN 00019700) Independent Director of the Company who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director for a period of 5 years to hold office till the conclusion of the Seventy Ninth Annual General Meeting and shall not be liable to retire by rotation."

5. **Appointment of Mr. Pradip Kumar Tibdewal as a Whole Time Director**

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

   "RESOLVED THAT pursuant to the provisions of sections 196, 197,203 and other applicable provisions, if any, of the Companies Act, 2013, along with the Rules made there under (including any statutory modification(s) thereof) read with Schedule V of the Companies Act, 2013, and subject to any other approval required under the applicable statutes, approval of the Company be and is hereby accorded to the appointment of Mr. Pradip Kumar Tibdewal (DIN: 07977787), as the Whole Time Director of the Company under the designation "Whole Time Director" for a period of three years with effect from November 1, 2017, on the terms and conditions, as recommended by Nomination & Remuneration Committee and Board of Directors as set out herein below and as enumerated in the agreement as entered into by the company with Mr. Pradip Kumar Tibdewal be and is hereby approved.

Notice

Remuneration: Basic Salary: Rs. 3,00,000/- per month (in the scale of Rs. 3,00,000/- per month to Rs. 5,00,000/- per month)

Perquisites & Allowances: The Whole Time Director shall also be entitled to reimbursement of perquisites, variable pay and other allowances restricted to Rs. 5,02,800/- per month (in the scale of Rs. 5,00,000/- per month to Rs. 7,00,000/- per month).

Other Benefits: He shall be entitled to benefits of provident fund. However, the perquisites will be restricted to the ceiling as laid down in Schedule V of the Companies Act, 2013.

Provided that -

a) For the purpose of calculating the ceiling as laid down in Schedule V of the Companies Act, 2013, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.

b) The Company's contributions to the Provident Fund Scheme in accordance with the Company's rules and regulations in force from time to time, shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable, under Income Tax Act, 1961.

c) Encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites / allowances aforesaid.

d) The total remuneration payable to the Whole Time Director by way of Salary, Performance Incentive and perquisites shall not exceed 5%, and along with other Whole Time Directors or managers, if any, 10% of the net profits of the Company, calculated in accordance with Sections 198 of the Companies Act, 2013.

e) Minimum Remuneration - Notwithstanding anything contained herein, where, in any financial year, during the currency of the tenure of the Whole time Director, the Company has no profits or its profits are inadequate, the company will pay remuneration by way of Basic Salary, Perquisites and Allowances and Performance Incentive, as specified above and as per the provisions of Schedule V of the Companies Act, 2013, and subject to the approval of the Central Government, if required.

"**RESOLVED FURTHER THAT** Board of Directors be and is hereby authorized to alter or vary the remuneration /terms and conditions of the said appointment including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits as prescribed under the Act".

"**RESOLVED FURTHER THAT** notwithstanding anything contained herein, where, in any financial year, the Company has no profits or its profits are inadequate, the remuneration as decided by the Board from time to time pursuant to the provisions of Schedule V of the Companies Act, 2013, shall be paid to Mr. Pradip Kumar Tibdewal as minimum remuneration, till the end of his tenure."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution."

6. **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, 2019, as approved by the Board of Directors based on the recommendations of the Audit Committee, the details of which are given in the Explanatory Statement in respect of this item of business, be and is hereby ratified."

7. **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**:

Notice

"**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 2018-2019 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, 2018

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 4 Mangoe Lane, Kolkata – 700001 at least forty-eight hours before the Meeting to be effective.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution of the Company that authorizes such representative to attend and vote on their behalf at the meeting.
- The Company is providing the facility of remote electronic voting to the Members and the details are set out in the Annexure set herewith.
- The voting rights for the shares are one vote per equity share registered in the name of the shareholders/ beneficial owners as of cut-off date of September 18, 2018.
- 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.

Notice

- The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2018 to September 25, 2018 (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 have not yet encashed their Dividend Warrant(s)for the financial year ended 31.03.2011 are requested to contact the share transfer agent of the company forthwith. Shares on which dividend remains unclaimed for 7 consecutive years will be 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 in respect of which dividend for the financial year ended 2009, has not been claimed, to the Demat Account of the IEPF Authority.

  The company has communicated individually to the concerned shareholders whose shares are liable to transferred to the Demat Account of IEPF Authority at their last recorded address with the company for taking appropriate action. The full details of such shareholders whose un-encashed shares and dividends are due for transfer available on the website of the Company www.mcnallysayaji.com.
- The Securities and Exchange Board of India (SEBI) has mandated by its Circular dated 20th April 2018 for submission of Permanent Account Number (PAN) and Bank details together with an original cancelled cheque leaf/attested Bank Pass Book showing the name of Account Holder to the Registrar and Share Transfer Agent (RTA) of the Company by all the security holders holding securities in physical form.

  To facilitate the above, a letter from the RTA enclosing a Form where the above particulars are to be provided has already been sent to the Members who hold the shares in physical form. The said Members are requested to promptly submit the required information and documents asked for to Maheshwari Datamatics Private Limited, Registrar and Share Transfer Agent of the Company.
- SEBI has recently 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. This provision shall come into force on the one hundred and eightieth day from the date of publication of the notification in the Official Gazette. 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, transfer, demat requests and other communication in relation thereto to the Registrar at their following address:

  M/S Maheshwari Datamatics Pvt. Ltd.
  Unit: **McNally Sayaji Engineering Ltd.**
  23, R.N Mukherjee Road, 5th Floor
  Kolkata - 700 001
- Members may also note that the Annual Report of the Company for the Financial Year 2017-18 and the Notice of the Annual General Meeting to be held on September 25, 2018, 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:

Notice

Name	Mr. Aditya Khaitan
DIN	00023788
Date of Birth	30.01.1968
Qualifications	B.Com (Hons.)
Expertise	Mr. Aditya Khaitan hails from a renowned family of industrialists, having interest in diverse business activities. Mr. Khaitan has in-depth exposure to and involvement in steering diverse business and has gained considerable experience and expertise in management, production, marketing, corporate finance and also in the matter of restructuring, mergers, de-mergers and acquisitions of corporate entities. He is also the Non-Executive Chairman of the holding company, McNally Bharat Engineering Company Limited.
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.Aditya Khaitan was appointed as an Additional Director on 11.08.2017. In terms of Section 152(6) of the Companies Act, 2013, Mr. Khaitan 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	1
Relationship with other Directors/ KMP of the Company	None
Other Directorships, Membership/ Chairmanship of Committees of other Boards of Indian Companies (as at 31.03.2018)	Directorship — Committee Membership if any with position Listed Companies: McLeod Russel India Ltd — Member-Audit Committee Williamson Magor & Co. Ltd Williamson Financial Services Ltd. McNally Bharat Engineering Company Ltd. Eveready Industries India Limited Kilburn Engineering Limited Unlisted Companies: Babcock Borsig Ltd. — Member Audit Comiittee Royal Calcutta Golf Club Prana Lifestyle Pvt Ltd. D1 Williamson Magor Bio Fuel Ltd. — Chairman- Audit Comiittee
Shareholding in the Company	Nil

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

Item No. 4

Mr. Padam Kumar Khaitan, (DIN 00019700) aged about 65 years being a Non Executive Independent Director of the company holds a degree in commerce and law. Mr. Khaitan is an eminent lawyer specialized in Corporate Laws and a senior partner of Khaitan & Company LLP. Mr. Khaitan has over 40 years experience as a lawyer and his areas of expertise relate to matters in the Corporate, Commercial, Financial, Banking and Taxation fields, Joint Ventures, Foreign Collaboration and Investment.

Mr. Padam Kumar Khaitan is on the board of the company since 13.08.2010 and holds no shares in the company. He is not

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related to any of the Directors on Board.

Mr. Padam Kumar Khaitan holds Directorship / Committee memberships in the following companies:

Sr No .	Name of the Company	Committee Membership/Chairman
1.	Ramkrishna Forgings Ltd.	
2.	Khaitan Consultants Ltd.	
3.	Asian Hotels (East) Limited	Stakeholders Relationship Committee -Chairman
4.	GJS Hotels Limited	
5.	Kilburn Engineering Limited	Stakeholders Relationship Committee -Chairman
6.	Cheviot Company limited	
7.	McLeod Russel India Limited	
8.	Magadh Sugar & Energy Limited	Stakeholders Relationship Committee -Member

Mr. Padam Kumar Khaitan was appointed as Independent Directors 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 the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. He holds office as Independent Directors of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act). The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Director, has recommended reappointment of Mr.Khaitan as Independent Director for a second term of 5 (five) years on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. Khaitan would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, it is proposed to re-appoint Mr. Padam Kumar Khaitan as Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

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.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr. Khaitan 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.

Mr. Khaitan had not drawn any remuneration from the company during his tenure as independent director but he is entitled to sitting fees, if any.

The Company has also received declarations from Mr. Khaitan 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. Khaitan 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. Khaitan as independent director setting out the terms and conditions would be available for inspection.

Your Directors recommend the resolution to be passed as a Special Resolution for approval of shareholders.

Except, Mr. Padam Kumar Khaitan, 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

The Nomination and Remuneration Committee of the Board of Directors of the Company recommended the appointment of Mr. Pradip Kumar Tibdewal as Whole Time Director of the Company for a period of three years with effect from November 1, 2017 on the terms and conditions specified in Resolution No.5 above.

The Board of Directors at its meeting held on 20th September, 2017 had appointed Mr. Pradip Kumar Tibdewal as a Whole

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Time Director of the Company w.e.f 1st November, 2017 subject to approval of the members of the company.

Mr. Pradip Kumar Tibdewal aged about 59 years is a B.E Mech. Engineer from BIT Mesra & PGDBM (Production & Finance) from XLRI, Jamshedpur. Mr. Tibdewal has over 36 years of experience in various functions of steel plant and material handling industry. He is a seasoned professional having extensive expertise in managing business operations. Keeping in view his leadership qualities and his vast knowledge and experience, it would be in the interest of the company to appoint him as Whole-Time Director of the company considering his proven track record.

In the opinion of the Board, Mr. Pradip Kumar Tibdewal, fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as Director of the Company. Accordingly, in compliance of Sections 196, 197, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 and on recommendation of the Nomination & Remuneration committee, Mr. Pradip Kumar Tibdewal is proposed to be appointed as a Whole Time Director of the Company to hold office for a term of 3 years with effect from 1st November, 2017.

The Nomination and Remuneration Committee has approved the terms of appointment and remuneration of the Whole Time Director in its meeting held on 20th September, 2017. For the purpose, an agreement has been entered into by the Company with the Whole Time Director and the terms and conditions of his remuneration as contained in the said agreement has been stated in Resolution No.5 and the other terms & conditions are furnished below:

The Whole Time Director, subject to the superintendence, control and direction of the Board of Directors of the Company, shall conduct and manage the business and affairs of the Company as specified in the agreement.

The Whole Time Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment.

The aggregate of remuneration and perquisite / benefits payable to the Whole Time Director and the other Whole Time Directors taken together shall be within the limits prescribed under the Companies Act, 2013 or any amendments thereof.

The copy of the agreement as approved by the Board and executed between Mr.Pradip Kumar Tibdewal and the Company is available for inspection of the members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of Annual General Meeting.

Mr. Pradip Kumar Tibdewal currently holds no shares in the company and he is not related to any of the Directors on Board. He is currently not a Director in any other listed company.

Your Directors recommend the resolution to be passed as a Special Resolution for approval of shareholders.

Except, Mr. Pradip Kumar Tibdewal, 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

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, 2019. 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 2018-19 at a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only). Previously such audit was conducted by M/s S K Sahu & Associates.

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.6 of the of the Notice for approval of the remuneration payable to the Cost Auditor of the Company for the financial year ending March 31,2019.

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.6

Notice

Item No. 7

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

Your Company has noted that MBECL and your Company fall under the category of "Related Party" in terms of the provisions of Section 2(76) of the Companies Act, 2013, and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. These provisions consider a transaction with a related party to be material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company. Further, these provisions require all material related party transactions to be approved by the shareholders through a special resolution and the related parties shall abstain from voting on such resolutions.

Your Company anticipates that the transaction(s) entered into with MBECL and your Company whether individually and/ or in aggregate may exceed the stipulated threshold of ten percent of the annual consolidated turnover of your Company as per the last audited and financial statements of the Company during the financial year of the Company. Your Company, therefore, requires approval of the shareholders through a special resolution for entering into contract(s) / arrangement(s)/ transaction(s) with MBECL upto a maximum amount as mentioned in the resolution for the financial year 2018-2019 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.

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, 2018.

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

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

INFORMATION OF PERSONNEL UNDER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 FOR ITEM NO. 5

Mr. Pradip Kumar Tibdewal

Notice

1. Background Details

Mr. Pradip Kumar Tibdewal is a B.E Mech. Engineer from BIT Mesra & PGDBM (Production & Finance) from XLRI, Jamshedpur. Mr. Tibdewal has over 36 years of experience in various functions of steel plant and material handling industry. Prior to joining MBE group he was COO of TRF Ltd. engaged in design, procurement and commissioning of material handling systems and equipment

1. Past Remuneration

The remuneration drawn by Mr. Mr. Pradip Kumar Tibdewal during 01.11.2017 to 31.03.2018 is as follows:

Particulars	**₹ lakhs**
Salary	40.14
Performance Bonus	-
Contributions to Provident Fund and other funds	1.80
Perquisites	-
Total remuneration	**41.94**

2. Job profile and his suitability

He is a seasoned professional having extensive expertise in managing business operations revenue expansion activities strategic planning supply chain management and cost optimisation.

A strategist cum implementer with recognised proficiency in spearheading business to accomplish corporate plans and goals successfully.

4. Remuneration Proposed

The details of the remuneration proposed are already given in the body of the resolution in Item No. 5.

5. Comparative remuneration profile with respect to size of the Company, profile of the position and person

The remuneration proposed is considered to be justified and competitive considering the industry, size of the Company, the responsibilities undertaken and the credentials of the Whole Time Director.

6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Except for the remuneration drawn by him from the Company, Mr. Tibdewal has no direct or indirect pecuniary relationship with the Company. Additionally, Mr. Tibdewal has no relationship with any of the managerial personnel of the Company.

Additional Information

A. GENERAL INFORMATION:

1. Nature of Industry

Manufacturer of crushing grinding, screening, material handling and mineral processing equipment serving core sector industries.

2. Date of commencement of commercial production

This is an active Company and is in operation since 1943.

3. Financial Performance based on given indicators

For the financial year ended March 31, 2018 :-

Turnover: Rs. 223.75 crores

Expenses: Rs. 269.37 crores

Loss Before Taxes: Rs. 45.62 crores

Tax Expense: Rs. (11.40) crores

Loss After Taxes: Rs. 34.22 crores

Earnings per Equity Share: Rs. (29.50) (Basic), Rs. (29.50) (Diluted)

4. Foreign Investments or collaborations

13,40,000 equity shares of Rs 10/- each representing 12.41% of the Equity Share Capital of the Company are

Notice

held by EIG (Mauritius) Limited, Mauritius.

B. OTHER INFORMATION:

1. Reasons for Loss or inadequacy of profits:

For the past few years, iron ore, steel, coal, thermal power industry and base metals sectors in which the Company operates, have been very sluggish due to bearish global demand. Inadequacy of capital, severe financial crunch in the market along with high interest cost of borrowings and the general inflationary pressure combined to exert intense pressure on the financial performance of the Company thus raising the probability of inadequacy of profits.

2. Steps taken or proposed to be taken for improvement

The company has taken a broad three pronged strategy to counter the subdued demand in the traditional sectors.

i. Enter into strategic tie ups to move away from traditional sectors into emerging sectors, selecting those whose equipment manufacturing utilise our manufacturing facilities.

ii. 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.

iii. Maximise sale of spares and fully exploit the replacement market specifically for brown field projects by creating data bank of installation wise spare sales history.

With the thrust of the Government in the infrastructure sector, aggregate crushing, sand manufacturing and cement have seen a spurt in demand. Environment legislations are being put in place resulting in ban in river sand mining progressively across all states in India. The company through in-house developed technology has started provided manufactured Sand Plant solution which has gained much success. The company could also successfully adapt the technology received from Sizetech of USA for design and engineering of high frequency screens during the year and have started marketing this as a separate product for different applications. Filter Press developed through technology received from Choquenet of France has also been manufactured and commissioned successfully. The Company is hopeful of a good growing business in aggregate two and three stage crushing plant manufactured with tie up from Yifan, China, combining with the sand plant business.

The flue-gas desulfurization (FGD) plants now becoming mandatory for the coal based power plants, the Company is looking at a big market for its products in this segment. The cement sector is showing signs of revival and several brown field project enquiries are being received. The company has developed capabilities in crushing of limestone, additives and correctives and coal for CPP and kiln. In addition, the company has developed dry grinding mills of secondary clinker crushing.

The material handling business involving equipment like wagon tippler, stacker cum reclaimer and paddle feeders has also been growing. The skid plant business is maintaining its business in the coal crushing area.

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 across its entire population of equipment, there-by improving margins and cashflows in the coming years.

Railways, being one of the most focused sector for government spending for modernization and expansion, the company has registered itself with Eastern Railways, Chitaranjan Locomotive Works and Diesel Locomotive Works and have started participating in tenders actively. With its locational advantage, the Company is confident to bag good business from this sector in the coming years.

The Make in India initiative and Defence Production Policy aims at achieving substantive self-reliance and to indigenize imports for defence equipment. The Company eyes considerable opportunity in this sector with Government spending swelling over the years.

The Company has inducted Mr. Pradip Kumar Tibdewal as the new Whole Time Director of the Company who has an impressive track record of 36 years in leading core sector industries. It is expected his vast knowledge and experience will improve the business efficiency and both financial and operational performance of the Company.

3. Expected increase in productivity and profits in measureable terms

Notice

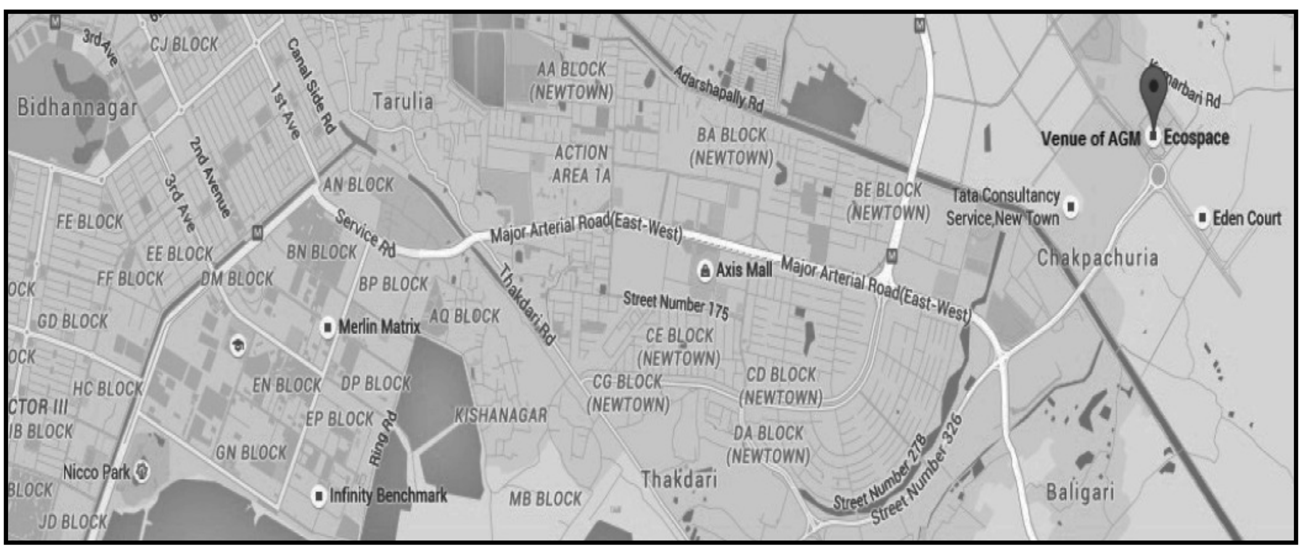
The Company is expecting a boast of 20% in the turnover in the FY2018-19 and a considerable improvement in resultant profits. The sand plant business, FGD business, defence, railways and other new sectors are expected to add considerably to the revenues of the Company. The focus on spares sales shall improve the margins significantly, while the Company shall be able to maintain the business from its traditional sectors. Cost control and rationalisation of assets shall improve the cost of capital and improve the profitability significantly.

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

Place : Kolkata
Date : August 14, 2018

Saikat Ghosh
Company Secretary

Venue of the Annual General Meeting



Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata - 700156
(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, 2018.

FINANCIAL HIGHLIGHTS

The Company's financial performance for the year ended March 31, 2018 is summarized below: (Rs. in Lakhs)

	2017-18	2016-17
Revenue from Operations	21,942	26,333
Other Income	433	1,185
Total Revenue	**22,375**	**27,518**
Excise Duty	442	2485
Finance Costs	3,302	3,449
Depreciation and amortization expenses	1,626	1,616
Profit / (Loss) before Tax	**(4,562)**	**(2,512)**
Tax Expenses	(1,140)	(3,078)
Profit/ (Loss) after Tax	**(3,422)**	**566**

Dividend

Due to inadequacy of profits, your Directors do not recommend any dividend for the financial year ended March 31, 2018.

Transfer to Reserves

No amount has been transferred to the General Reserves of your Company at the financial year ended March 31, 2018.

Share Capital

During the Year ended March 31, 2017, the Company had issued 36,00,000 compulsorily convertible preference shares ("CCPS") of Rs. 10 each at a premium of Rs. 65 per CCPS convertible into one equity share of Rs. 10 each at a premium of Rs. 65 per equity share at any time within 18 months from the date of allotment of CCPS to its holding company, McNally Bharat Engineering Company Limited. In accordance with terms of issue of such shares 18,00,000 CCPS were converted into 18,00,000 equity shares of Rs.10/- each on 07.02.2018. Therefore, the Equity Share Capital of the Company increased by 18,00,000 equity shares resulting in 10,789,273 Equity Shares of Rs.10/- each as at 31.03.2018.

Deposits

During the financial year ended March 31, 2018 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, 2018, 81.35% of the Company's total paid up capital representing 87,76,473 shares are in dematerialised form. SEBI has proposed to prohibit 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. 1,40,425 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 in respect of

Directors' Report

which dividend for the financial year ended 2009, has not been claimed, to the Demat Account of the IEPF Authority. The company has communicated individually to the concerned shareholders whose shares are 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, 2018.

Material changes affecting the Company

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

Going Concern Status

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

Operations and Business Performance

The total income for the financial year under review was Rs 223.75 crores as against Rs 275.18 crores for the previous financial year. The sales for the financial year declined by 10% as compared to the previous financial year. The profit/(loss) before tax was Rs(45.62) crores for the financial year under review as against Rs (25.12) crores for the previous financial year. The Profit/(loss) after tax for the financial year under review was Rs (34.22) crores as against Rs 5.66 crores for the previous financial year.

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.

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	:	727.82
Total Assets	:	6530.62
Total Liabilities	:	5767.87
Investments	:	-
Revenue from Operations / Total Income	:	3779.23
Profit Before Taxation	:	(304.28)
Provision for Taxation	:	(110.35)
Profit After Taxation	:	(193.93)
Other Comprehensive Income	:	0.37
Total Comprehensive Income	:	0.37
Proposed Dividend	:	Nil
% of Shareholding	:	99.9997%

Directors' Report

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

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

Directors and Key Managerial Personnel

During the Financial year 2017-18 Mr. Srinivash Singh and Mr. Aditya Khaitan joined the Board as Non Executive Non Independent Directors on 11.08.2017.

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

Mr. Padam Kumar Khaitan was appointed as an independent director of the company at the 71st Annual General Meeting of the company held on September 28,2015 for a term of 3 years. Being eligible as per provisions of section 149 of the Companies act, 2013 the board recommends his reappointment as independent director for a further period of 5 years till the expiry of 79th Annual General Meeting

Mr. Subir Chaki resigned as Whole Time Director of the company with effect from 01.10.2017.Mr. Pradip Kumar Tibdewal who had earlier joined as CEO on 11.08.2017 relinquished such post on 31.10.2017 and joined the board as Whole Time Director on 01.11.2017 for a period of three years. Such appointment and continuation in the office of Whole Time Director of Mr. Pradip Kumar Tibdewal is being recommended for the approval of the shareholders at the forthcoming Annual General Meeting.

Mr. Heath Brian Zarin's office of Director became vacant on 28.02.2018 by virtue of section 167 (1)(b) of the Companies Act,2013.

On 09.04.2018 Mr. Brij Bhushan resigned from Board of Directors of the company.

Mr. Arunabha Acharya, resigned as Company Secretary with effect from 21.02.2018 and Mr. Saikat Ghosh joined as Company Secretary on 05.03.2018.

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.

Meetings of the Board of Directors

During the year, five Board Meetings were held on May 30, 2017, August 11, 2017, September 20, 2017, November 14, 2017 and February 7, 2018. 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, 2018 and consists of Mr. Padam Kumar Khaitan, Mrs. Tehnaz Punwani and Mr. Pradip Kumar Tibdewal. Mrs. Tehnaz Punwani, Non-Executive Independent Director, served as the Chairperson of the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board consists of Mr. Padam Kumar Khaitan, Mrs. Tehnaz Punwani and Mr. Srinivash Singh and the committee is chaired by Mr. Padam Kumar Khaitan, a Non-Executive Independent Director.

Directors' Report

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, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors had prepared the annual accounts on a going concern basis;

(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. Based on information provided, nothing has come to the attention of Directors to indicate that any material breakdown in the function of these controls, procedures or

Directors' Report

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. However, none of the identified risks, in the opinion of the Board, are threatening to the existence 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.

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 Auditors report to the shareholders does not contain any qualification, observation or adverse comment. The Board has duly examined the Statutory Auditors' Report to the accounts and clarifications, wherever necessary, have been included in the Notes to the Accounts section of the Annual Report.

Statutory Auditors

M/s Lovelock and Lewes, Chartered Accountants, (FRN: 301056E), the existing statutory auditors shall complete their tenure in accordance with provisions of section 139(2) of the Companies Act, 2013 at the forthcoming Annual General Meeting of the company. The appointment of M/s Delloite Haskins & Sells LLP, Chartered Accountants, (FRN : 117366W/W-100018) as statutory auditors is being recommended for approval by members at the forthcoming Annual General Meeting.

Directors' Report

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, 2018, 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 has already made necessary rectifications in the matter of qualification or reservation or adverse remark or disclaimer made by the Secretarial Auditor in the Report.

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 2018-19.

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, 2018	*Whole Time Director*	*Director*

Annexure A

Information under the provisions of Companies (Accounts) Rules, 2014, forming part of the Directors' Report for the year ended March 31, 2018.

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 7,64,096 Units and 7,31,562 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 11,51,517 Units. These resulted in revenue income of Rs 77 lacs 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) a) Continuous improvement of existing products for enhanced durability and performance.

b) Development of Mobile and Semi Mobile Crushing and Screening Plant Equipment:

i. 200 TPH Coal Crushing Plant with Jaw crusher.

ii. 400TPH stationary coal crushing plant with Impactor 1616.

c) Design and development of 800 mm X 1500 mm mechanical VibroFeeder with unbalanced motors.

d) Development of 5m diameter x 9m long ball mill.

e) Development of High Head Slurry Pumps of MP100H with Flow 100-500m3/hr and Head 60m-90m Head.

f) Development of new Bolted Design 8m Tank Thickener with FEA Simulation.

g) Design Optimization of Wagon Tippler with FEA Simulation.

h) Weight reduction and development of stationary coal crushing plants with standalone equipment supports.

i) Environment compliance by products and processes.

j) Testing and validation of new products.

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

Followings are the Major benefits from R&D efforts :

a) Increased sales due to product improvements and introduction of new products.

b) Reduction in cost due to product simplification, weight reduction and process improvements.

c) Substitution of imported equipment and components.

d) Achieving customers' satisfaction and new business opportunities.

3. **Future Plan of Action :**

a) Development to minimize overall cost of the pumps.

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

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

d) Development of 2.1m wide x 7.35m long scraper chain conveyor.

e) Development of 4.2m diameter x 8.5m long rotary breaker.

f) Development of leak proof sealing arrangement for grinding mill feed chute.

Annexure A

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, 2018	For the Year ended 31st March, 2017
a)	Capital	-	-
b)	Recurring	40	50
c)	Total R & D Expenditure	40	50
d)	Total R & D Expenditure as a percentage of total turnover	0.18%	0.21%

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, 2018	For the Year ended 31st March, 2017
1)	Foreign Exchange Earned	58	45
2)	CIF Value of Import	250	264
3)	Expenditure in Foreign Currency		
	- Travelling & Royalty	78	35

On behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2018

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Annexure B

Management Discussion & Analysis

Global economic scenario

International markets have witnessed noticeable volatility, triggered by geo-political events, significant movements in currency and commodities, protectionist policies including tariff barrier, a prolonged bout of low oil prices, and constrained fiscal positions of oil producing nations. The recent hardening of oil prices is likely to now give better leeway to policy markets in GCC countries to allocate increased outlay on essential infrastructure.

According to International Monetary Fund (IMF), the global economy is experiencing a recovery. With favourable market sentiment and accommodative financial conditions, global growth is expected to grow at 3.9% rate in both 2018 and 2019, IMF has estimated India's economic growth at 6.7% in FY'18 and projected a growth on 7.4% for FY'19 on hopes of further boost to investment and increased private consumption.

Indian economy

The domestic market had its fair share of upheavals in the financial year under review. The Indian economy, despite rebound in global economy witnessed slowdown in the first half due to inter alia the effect of demonetization, Goods and Services Tax (GST) implementation and Non-Performing Assets (NPA). The introduction of GST from 1st July, 2017 saw business and Government agencies grappled with this new nation-wide taxation system. Other reform measures such as Demonetisation, RERA and the Insolvency & Bankruptcy Code have also impacted business momentum in the short term, but are expected to lead to sustained economic growth in the long run. It is expected that the economic reforms initiated by the Government will expand the tax base, enhance revenues and in turn spur GDP growth and infrastructure allocations.

FY'19 Union budget aims to strengthen the rural economy and country's infrastructure. The thrust of the Government on roads under the Bharatmala Pariyojana, conventional and metro railways, water management systems and irrigations projects under AMRUT programme, power generation facilities, power transmission and distribution, affordable housing, healthcare facilities, build out of smart city infrastructure, and tying up of energy security through stronger oil and gas infrastructure has given an impetus to domestic demand during the year. The higher outlay in infrastructure is expected to boost demand in the sectors the Company operates in.

During the year some of the major over-leveraged companies in the infrastructure, power generation and steel sector were referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC). Overall the sectors that company operates in remained depressed, adversely impacting the business of the Company. Resolution under IBC and effective monitoring of credit quality by Banks is expected to provide stable and favourable markets from FY'19 onwards.

Private sector investments have remained muted and are expected to take some more time before a wholesome revival can be seen across sectors like Infrastructure, consumption driven capex and real estate growth. The credit growth of the banking system is impacted by the growing non-performing loans, which is adversely affecting the core sectors.

Industry Structure and Developments

The manufacturing facilities of this company have been built primarily to serve the iron ore, steel, coal and thermal power industry and base metals. For the last successive years, all these sectors have been very sluggish due to bearish global demand.

Iron Ore & Steel Sector

The steel prices are seeing a rise backed by the rise in raw material prices and other factors. Supreme Court of India's relaxations of the cap on iron ore mining in December 2017 resulted in higher ore production. However, the domestic steel producers are finding difficulty to absorb the price rise, which are still fighting to survive in the low margins. Majority of these producers were set up through debt financing by banks and are in the stressed category and many of them have been referred to National Company Law Tribunal (NCLT). The downturn in the global steel sector is far from over and the domestic sector continues to remain vulnerable. The Government has released the National Steel Policy 2017, which has laid down the broad roadmap for encouraging long term growth for the Indian steel industry, both on demand and supply sides, by 2030-31.The Government of India has also allowed 100 per cent foreign direct investment (FDI) in the steel sector under the automatic route.

Annexure B

Power Sector

The Power sector continued to struggle with low capacity utilization. The excess capacity has been a limiting factor for fresh investments in the Thermal Power sector space and the reason for stressed assets in the power sector. Central Electricity Authority (CEA) has set a higher electricity generation targets in FY'19, which is expected to help improve the sector, especially private power plants. The company sees opportunity in terms of refurbishment, equipment supply and spares.

Port Sector :

Government is continuously looking to augment capacities to develop eco-friendly and economic mode of transportation along inland waterway and coastal shipping routes under the Sagarmala Programme. This includes the creation of new berths and mechanization of the ports for achieving a quicker turnaround. This port led economic development is expected to present a huge business opportunity for the company in the coming years.

Mining Sector :

Coal mines as per the Coal Mines (Special Provisions) Act, 2015 and Mines and Minerals (Development and Regulation) Act, 1957 is expected to bring in efficiency into the coal sector due to increased competition and deployment of best possible technology into the sector. Increased competition in the market will lead to high domestic production, better utilization of mining resources and assured coal supply.

Business Scenario and Outlook

Operation & Performance

While execution was impacted in 2017-18 due to disruptions caused by implementation of GST as well as bottlenecks in some projects due to tardy customer payments, delayed clearances, and land and environmental related issues, the Company could achieve revenues of Rs. 223.75 crores. While the broader economy witnessed improvement, infrastructure growth remained sluggish. During the Year some of the major over leveraged companies in the infrastructure, power generation and steel sector were referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC). Some of them were customers of the Company. As a result the business was adversely affected. The emphasis inter-alia during the year was to complete the existing Orders. The company has succeeded in ensuring order booking at previous year levels.

The company has taken a broad three pronged strategy to counter the subdued demand in the traditional sectors.

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

With the thrust of the Government in the infrastructure sector, aggregate crushing, sand manufacturing and cement have seen a spurt in demand. Environment legislations are being put in place resulting in ban in river sand mining progressively across all states in India. The company through in-house developed technology has started provided manufactured Sand Plant solution which has gained much success. The company could also successfully adapt the technology received from Sizetech of USA for design and engineering of high frequency screens during the year and have started marketing this as a separate product for different applications. Filter Press developed through technology received from Choquenet of France has also been manufactured and commissioned successfully. The Company is hopeful of a good growing business in aggregate two and three stage crushing plant manufactured with tie up from Yifan, China, combining with the sand plant business.

The flue-gas desulfurization (FGD) plants now becoming mandatory for the coal based power plants, the Company is looking at a big market for its products in this segment. The cement sector is showing signs of revival and several brown field project enquiries are being received. The company has developed capabilities in crushing of limestone, additives and correctives and coal for CPP and kiln. In addition, the company has developed dry grinding mills of secondary clinker crushing.

Annexure B

The material handling business involving equipment like wagon tippler, stacker cum reclaimer and paddle feeders has also been growing. The skid plant business is maintaining its business in the coal crushing area.

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 across its entire population of equipment, there-by improving margins and cashflows in the coming years.

Railways, being one of the most focused sector for government spending for modernization and expansion, the company has registered itself with Eastern Railways, Chitaranjan Locomotive Works and Diesel Locomotive Works and have started participating in tenders actively. With its locational advantage, the Company is confident to bag good business from this sector in the coming years.

The Make in India initiative and Defence Production Policy aims at achieving substantive self-reliance and to indigenize imports for defence equipment. The Company eyes considerable opportunity in this sector with Government spending swelling over the years. The Company is already registered with Heavy vehicle factory Medak & Avadi, Ordinace factory, Bharat Dynamics Ltd.(BDL), DRDO, Defence and Research Development Laboratory and is expecting intial business in FY19.

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. On one hand 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. Secondly, the company is trying to maximise its spares business and concentrate on replacement and service markets. Cost control is receiving topmost priority mainly to be achieved by way of increasing efficiency. While the company is constantly through in-house R&D activities, or other-wise is upgrading its technology and increasing product efficiencies. It is also desperately working on rationalisation of assets and reduction of the interest costs.

Financial Performance

On standalone basis, revenue from operations (net of taxes and duties) of your Company during the year was Rs. 215.00 Crores (Previous year Rs. 238.48 Crores), a 10% decrease over the previous year. Loss before tax for the year was Rs. 45.62 Crores (Previous year Rs. 25.12 Crores).

On consolidated basis, revenue from operations (net of taxes and duties of your Company during the year was Rs 249.90 Crores (Previous year Rs. 284.81 Crores). Loss before tax for the year was Rs. 48.70 Crores (Previous year Rs. 23.70 crores). Total comprehensive loss for the year was Rs. 37.73 Crores (Previous year total comprehensive income was Rs. 6.13 Crores).

With liquidity still remaining a constraint, the borrowing cost remains high. The Company has been consciously reducing its fixed overheads where ever is possible and has been able to maintain a positive EBIT.

Material Development in Human Resources / Industrial Relations

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

Annexure B

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 factors.

On behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2018

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Annexure C

Report on Corporate Governance

For the year ended 31st March, 2018

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, 2018 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 six members at the end of the financial year, consisting of three independent directors, two non-executive directors and one whole time director. The independent and non-executive directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance and law. The composition is as under:

Name of Directors	Category of Directors	No. of other Directorships held #		No. of other Board Committee(s) of which he/she		No. of shares held in the Company as at March 31, 2018
		Public	Private	Is a member	Is a Chairperson	
Mr. Aditya Khaitan[A]	Promoter-Non Executive	8	1	3	1	-
Mr. Heath Brian Zarin[B]	Non Executive	1	-	-	-	-
Mr. Padam Kumar Khaitan	Independent-Non Executive	8	2	3	2	-
Mr. Srinivash Singh[C]	Promoter-Non Executive	1	-	1		200
Mrs. Tehnaz Punwani	Independent-Non Executive	1	1	-	-	-
Mr. Pradip Kumar Tibdewal[D]	Professional-Executive	1	-	-	-	-
Mr. Subir Chaki[E]	Professional-Executive	2	1	-	-	-
Mr. Brij Bhushan[F]	Independent-Non Executive	1	6	-	-	-

Excluding Foreign Companies

[A.] Mr. Aditya Khaitan was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on August 11, 2017. Thereafter, the members of the company at the 73rd Annual General Meeting held on September 20, 2017, appointed him as a Non-Executive Director liable to retire by rotation.

[B.] Mr. Heath Brian Zarin's office of Director became vacant on 28.02.2018 by virtue of section 167 (1)(b) of the Companies Act,2013.

[C.] Mr. Srinivash Singh was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on August 11, 2017. Thereafter, the members of the company at the 73rd Annual General Meeting held on September 20, 2017, appointed him as a Non-Executive Director liable to retire by rotation.

[D.] Mr. Pradip Kumar Tibdewal was appointed as CEO of the company by the Board of Directors of the Company at their meeting held on August 11, 2017 .After resigning from such post on 31.10.2017 he was appointed as Wholetime Director with effect from 01.11.2017.

[E.] Mr. Subir Chaki who was serving as Wholetime Director had resigned from such post with effect from 01,10.2017.

[F.] Mr.Brij Bhushan who was serving as an independent director had resigned from the Board of Directors with effect from 09.04.2017.

Annexure C

1. All independent directors have confirmed their independence to the Company.
2. The non-executive directors have no pecuniary relationship or transactions with the Company .
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 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.
5. All the directors who are on various Committees are within the permissible limits of the listing agreement and the SEBI (LODR) Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
6. No convertible instruments are held by non-executive directors.

b. Selection of Independent Directors:

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

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

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/

Annexure C

No sitting fees were paid to any of the non-executive directors of the company during the financial year 2017-18. Additionally, the company has not made any financial transactions with any of its non-executive directors during the said financial year.

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

(Rs. in Lakhs)

Particulars	Mr. Subir Chaki*	Mr. Pradip Kumar Tibdewal**
Salary	32.10	40.14
Performance Bonus	-	-
Contributions to Provident Fund and other funds	2.10	1.80
Perquisites	5.10	-
Total remuneration	**39.30**	**41.94**

Notes:

*Mr. Subir Chaki resigned as Wholetime Director of the company with effect from 01.10.2017. His service contract was for one year as per the agreement.

**Mr. Pradip Kumar Tibdewal was appointed as the Wholetime Director of the company with effect from 01.11.2017 for a period of three years subject to approval of the members at the forthcoming Annual General Meeting of the company.

The agreement with Whole Time Director provides for notice period of three months' or salary in lieu thereof subject to a maximum period of three months. No stock options are provided to Wholetime Director.

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, 5 Board Meetings were held on May 30, 2017, August 11, 2017, September 20, 2017, November 14, 2017and February 7, 2018. The provision of Section 173(2) of the Companies Act, 2013, has permitted the participation of Directors in Board Meetings through electronic mode. As permitted by the aforesaid circular, some of the Directors participated through electronic mode at the aforesaid Board Meeting.

(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2018 and of the last Annual General Meeting is as under :-

Directors	Number of Board Meetings attended	Attendance at the Last AGM
Mr. Aditya Khaitan[A]	1	No
Mr. Heath Brian Zarin[B]	0	No
Mr. Padam Kumar Khaitan	5	Yes
Mr. Srinivash Singh[C]	1	No
Mrs. Tehnaz Punwani	4	Yes
Mr. Pradip Kumar Tibdewal[D]	1	No
Mr. Subir Chaki[E]	2	Yes
Mr. Brij Bhushan[F]	1	No

A. Mr. Aditya Khaitan was inducted into the Board on August 11, 2017.

B. Mr. Heath Brian Zarin's office of Director became vacant on 28.02.2018 by virtue of section 167 (1)(b) of the Companies Act,2013.

C. Mr. Srinivash Singh was inducted into the Board on August 11, 2017.

D. Mr. Pradip Kumar Tibdewal was appointed as Wholetime Director with effect from 01.11.2017.

E. Mr. Subir Chaki who was serving as Wholetime Director had resigned from such post with effect from 01,10.2017.

Annexure C

F. Mr. Brij Bhushan who was serving as an independent director had resigned from the Board of Directors with effect from 09.04.2018.

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, 2018.

For **McNally Sayaji Engineering Limited**

Place: Kolkata, **Pradip Kumar Tibdewal**
Date: August 14, 2018 *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:
    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;

Annexure C

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

The Audit Committee Meetings were held on May 30, 2017, August 11, 2017, November 14, 2017, and February 7, 2018. The attendance of Audit Committee members during the year ended on March 31, 2018 is as under:-

Name of Audit Committee Member	Number of meetings attended
Mrs. Tehnaz Punwani	4
Mr. Padam Kumar Khaitan	4
Mr. Brij Bhushan[A]	1

[A] Mr. Brij Bhushan ceased to be a Director with effect from 09.04.2018

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

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

Consequent to resignation of Mr. Brij Bhushan from the Board of Directors of the Company, the Audit Committee was reconstituted. Members of the Audit Committee are as under:

Mrs. Tehnaz Punwani (Chairperson)

Mr. Padam Kumar Khaitan

Mr. Pradip Kumar Tibdewal

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.

Annexure C

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 on, as may be applicable;

g. To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Nomination and Remuneration Committee Meetings were held on August 11, 2017 and September 20, 2017. The attendance of each Committee member during the year ended on March 31, 2018 is as under:-

Name of Nomination and Remuneration Committee Member	Number of meetings attended
Mr. Padam Kumar Khaitan	2
Mrs. Tehnaz Punwani	2
Mr. Brij Bhushan[A]	1

[A] Mr.Brij Bhushan ceased to be a Director with effect from 09.04.2018

Consequent to resignation of Mr. Brij Bhushan from the Board of Directors of the Company, the Nomination and Remuneration committee has been reconstituted and consists of following members:

Mr. Padam Kumar Khaitan (Chairman, Independent Director)

Mrs. Tehnaz Punwani (Independent Director)

Mr. Srinivash Singh (Non Executive Director)

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

Annexure C

The **Stakeholders Relationship Committee** of the Company met once during the year on May 30, 2017. The attendance of the members of the Shareholders'/Investors' Grievance Committee was as follows:

Name of Stakeholders Relationship Committee Member	Number of meetings attended
Mr. Padam Kumar Khaitan	1
Mrs. Tehnaz Punwani	1
Mr. Subir Chaki[A]	0

[A] Mr. Subir Chaki who was serving as Wholetime Director had resigned from such post with effect from 01.10.2017.

The Board designated Mr. Saikat Ghosh, Company Secretary as the 'Compliance Officer' of the company under Regulation 6 of the Listing Regulation.

Pursuant to resignation of Mr. Subir Chaki from the Board of Directors of the Company, the committee was reconstituted and consists of the following members:

Mr. Padam Kumar Khaitan (Chairman, Independent Director)

Mrs. Tehnaz Punwani (Independent Director)

Mr. Pradip Kumar Tibdewal (Wholetime Director)

No investor complaints were received during the year and there are no pending complaints as on 31st March, 2018.

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

The Company confirms that there were no share transfers lying / pending as on March 31, 2018, and all requests for dematerialization and re-materialization of shares as on that dates were confirmed / rejected into the NSDL / CDSL system.

The details of other committees are provided in the Director's Report,

Meeting of Independent Directors

The Independent Directors meeting was held on March 26, 2018, which was attended by Mr. Padam Khaitan and Mrs. Tehnaz Punwani.

Subsidiary Companies

MBE Coal & Mineral Technology India Private Limited is a 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: NIL

c. Disclosure of Accounting Treatment: All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis.

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

Annexure C

e. The Company has adopted a Risk Management Policy and has laid down procedures for informing the Board members about the risk assessment and minimization procedures.

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

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

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

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

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

   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.

k. Details of non compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – Nil.

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

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

n. There were no material financial and commercial transactions by Senior Management where they have personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.

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:

Annual General Meeting:

AGM	Date	Venue	Special Resolutions Passed
71st	September 28, 2015 at 11.00 a.m.	7th Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700156	None
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 - 700156	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 - 700156	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.

Annexure C

Extraordinary General Meeting

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

During the year ended 31st March, 2018, 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:

1. 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 'Arthik Lipi' in Bengali.

Detailed presentations, if any, made to institutional investors and financial analysts are sent to the Stock Exchanges pursuant to Para A of Part A of Schedule III read with Regulation 30 of Listing Regulations.

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. The Company has also designated the following email id exclusively for investor services: saikat.ghosh2@mbecl.co.in

VI. General Shareholder Information

a. 74th Annual General meeting to be held:

Day, Date, time and venue:

Day	:	Tuesday
Date	:	September 25, 2018
Time	:	11.00 a.m
Venue	:	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata - 700156

Annexure C

b.	**Financial Year**	: 1st April to 31st March
	First Quarter Results	: On or before 14th August 2018
	Second Quarter Results	: On or before 14th November 2018
	Third Quarter Results	: On or before 14th February 2019
	Audited Yearly Results for the Year ended 31 March, 2018	: On or before 30th May, 2019
c.	**Period of Book Closure**	: September 19, 2018 to September 25 2018 (both days inclusive)

d. Listing on Stock Exchanges:

The company's shares were listed on The Vadodara Stock Exchange Limited, Fortune Towers, Sayajigunj, Vadodara – 390 005,The Ahmedabad Stock Exchange Limited , Kamdhenu Complex, Opp Sahjanand College, Panjara Pole, Ahmedabad - 380 015 and The Delhi Stock Exchange Limited, DSE House, 3/1 Asaf Ali Road , New Delhi – 110 002 . With effect from April 17, 2018, 89,89,273 equity shares of the company which were earlier listed with The Vadodara Stock Exchange Limited, The Ahmedabad Stock Exchange Limited and The Delhi Stock Exchange Limited 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 Vadodara Stock Exchange Limited, The Ahmedabad Stock Exchange Limited and The Delhi Stock Exchange Limited have not charged any listing fees on the Company. The company has since ceased to be members of these stock exchanges. The Company has paid the annual listing fees for the financial year 2018-19 to Metropolitan Stock Exchange of India within the prescribed time limit.

e. Market Price Data:

There was no trading in the company's shares at any of the Stock Exchanges where the shares of the company were listed during the Financial Year 2017-18 and, hence, no share price data is provided. However the shares of the Company were issued on a preferential basis at a price of Rs. 186 per share in Financial Year 2009-10. During 2017-18 18,00,000 Compulsorily Convertible Preference Shares were converted into equal number of equal shares at price of Rs.75 per share.

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, 2018:**

No. of Shares	No. of holders	% of total holders	No. of shares	% of total shares
1 to 500	760	87.29	191259	1.77
501 to 1000	56	6.30	48900	0.45
1001 to 2000	19	2.18	29690	0.28
2001 to 3000	3	0.34	6700	0.06
3001 to 4000	8	0.92	29600	0.27
4001 to 5000	5	0.57	24300	0.23
5001 to 10000	6	0.69	39300	0.36
10001 and above	11	1.71	10419524	96.57
Total	868	100.00	10789273	100.00

i. Pattern of Shareholding as on March 31, 2018:

	Category	**No. of Holders**	**No. of Shares**	**% of total shares**
1	Promoter & Promoter Group			
	- Individual/HUF (Indian)	-	-	
	- Bodies Corporate (Indian)	3	8,601,724	79.725
	- Individual/HUF (Foreign)	-	-	
	- Bodies Corporate (Foreign)	-	-	
2	Mutual Funds	-	-	
3	Financial Institutions/Banks	-	-	
4	Insurance Companies	-	-	
5	Foreign Institutional Investors	1	1,340,000	12.420
6	Domestic Companies	9	435,290	4.034
7	Foreign Companies	-	-	
8	Resident Individual	848	333,959	3.095
9	Non Resident Individual	6	50,500	0.468
10	IEPF Authority	1	27,800	0.258
Total		**868**	**10,789,273**	**100**

j. Dematerialization of Shares:

Particulars	**Holders**	**Shares**	**Percentage%**
PHYSICAL	538	2,012,800	18.6556
NSDL	192	8,154,353	75.5783
CDSL	138	6,22,120	5.7661
TOTAL	**868**	**10,789,273**	**100**

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

There is no outstanding GDRs/ADRs/Warrants at the end of the current financial year. However, 18,00,000 Compulsorily Convertible Preference Shares remain outstanding at the end of the current financial year.

The shares are to be converted into 18,00,000 equity shares of Rs.10/- each on or before 30.09.2018. Upon such conversion the shareholding of holding company McNally Bharat Engineering Ltd. shall increase to 81.567% as compared to existing holding of 78.492%.

l. 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

m. Address of Correspondence:

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

Shareholders' correspondence should be addressed to:

McNally Sayaji Engineering Limited
4, Mangoe Lane, Kolkata – 700 001

Contact person: Company Secretary
Telephone Nos: +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, 5th 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

Compliances

Mandatory Requirements

The Company has complied with the mandatory requirements as prescribed in Part C of Schedule V of the Listing Regulations.

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.

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: Nil

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, 2018

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Certificate by Whole-time Director & Chief Financial Officer

To
The Members of
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
Date: 29.05.2018

Pradip Kumar Tibdewal
Wholetime Director

Uttam Tekriwal
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 31stMarch, 2018, as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Clause 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 Chapter IV and Schedule V of the Securities and ExchangeBoard of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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, 2018
Place: Kolkata

Annexure D

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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, 2018, 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, 2018, 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) Regulations 2015

   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, labour and environmental 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

Annexure D

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

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:*

a) during the period under audit, the public shareholding in the Company was below the minimum stipulated in Rule 19(2) and 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;

b) statement under Rule 6 (5) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 has not been filed with the Authority;

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

We further report that during the audit period the Company has passed a special resolution under Section 188 of the Act for approval of transactions with its holding company, McNally Bharat Engineering Company Limited, upto an amount of Rs. 300 crore for the financial year 2017-18.

We further report that during the audit period the Company has 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 7th February, 2018.

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, 2018

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.

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, 2018

Annexure E

Particulars of Employees

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

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

Executive Directors

	Remuneration	Ratio to the median remuneration
Mr. Subir Chaki - Whole Time Director Upto 30.09.2017	Rs. 39,30,000	10.69:1
Mr. Pradip Kumar Tibdewal - Whole Time Director WEF 01.11.2017	Rs. 41,94,000	11.41:1
Non Executive Directors		
Mr. Padam Kumar Khaitan - Independent Director	–	–
Mrs. Tehnaz Punwani - Independent Director	–	–
Mr. Brij Bhushan - Independent Director	–	–
Mr. Aditya Khaitan - Non Executive Director	–	–
Mr. Srinivash Singh - Non Executive Director	–	–
Mr.Heath Brian Zarin - 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	Independent Director	Nil
Mr. Srinivash Singh	Non Executive Director	Nil
Mrs. Tehnaz Punwani	Independent Director	Nil
Mr. Brij Bhushan Upto 09.04.2018	Independent Director	Nil
Mr. Heath Brian Zarin Upto 28.02.2018	Non Executive Director	Nil
Mr. Subir Chaki Upto 30.09.2017	Whole Time Director	Nil
Mr. Pradip Kumar Tibdewal WEF 01.11.2017	Whole Time Director	N.A
Mr. Uttam Tekriwal	Chief Financial Officer	Nil
Mr. Arunabha Acharya Upto 21.02.2018	Company Secretary	Nil
Mr. Saikat Ghosh WEF 05.03.2018	Company Secretary	N.A

(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: 292

Annexure E

(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) =Nil

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

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

The remuneration paid during the financial year ended March 31, 2018, is in terms of the Remuneration Policy of the Company.

On behalf of the Board of Directors

Place : Kolkata
Dated : August 14, 2018

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

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

(Rs. in Lakhs)

Name	Designation	Permanent or Contractual	Qualifications	Total Experience	DoJ	Age	Previous Employment & Designation	CTC
Mr. Mohan Bhasker	Sr. Vice president	Permanent	B.E	31	03-May-93	53	Karthik Electrical, Business. Manager	61.29
Mr. Uttam Tekriwal	Chief Finance Officer	Permanent	Chartered Accountant	28	01-Sep-09	51	Duncans Tea Ltd.	44.56
Mr. Praveen P Deshmukh	COO	Permanent	BE – Mechanical	34	14.02.2012	55	TRF Ltd. Chief (BHMS)	40.75
Mr. Kunalbhai A Patel	Asso. VP	Permanent	MBA – Marketing	30	01.10.2008	53	Sayaji Iron & Engg. ltd (Director)	35.66
Mr. Mukesh Kr. Sinha	Associate Vice-President & Unit Head	Permanent	B. Sc (Engg)	29	06-Mar-06	51	MBE ,GM	28.81
Mr. Bharat Bhushan Jain	Sr. GM	Permanent	Chartered Accountant	37	01.07.2008	58	PK Chopra & Co., CA	28.68
Mr. Amlan Bikas Das	Senior General Manager. R&D and Marketing support	Permanent	M. Tech	31	02-Aug-06	60	MAM. C Ltd. Asst. Support	27.58
Mr. Prashanth Gangadhar Amin	Sr. General Manager	Permanent	BE	37	10-Jan-16	59	Veer Re-Sources and Projects Pvt Ltd., GM	25.74
Mr. S. Chattopadhyaya	Advisor	Contractual	M Tech	38	16-Aug-16	62	SMS India Pvt Ltd., Consultant-Head-QA	24.00
Dr. Asim Kumar Sen	Senior General Manager	Permanent	MBBS	34	01-Jun-88	59	MBE, Medical Officer	23.20

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.

Annexure F

VI. External Equity:

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

VII. Non-Monetary Benefits:

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

5. Remuneration for Directors in Whole Time Employment

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

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

a) Basic Salary:

The basic salary shall be fixed within a salary grade.

b) Bonus:

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

c) Reimbursement:

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

d) Variable Pay and Other Benefits:

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

e) Sitting Fees:

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

6. Remuneration of Non- Executive Directors

I. Sitting Fees:

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

II. Commission:

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

7. Remuneration of Key Managerial Personnel and Other Executives

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

Annexure F

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

8. Role of Nomination & Remuneration Committee

The role and responsibilities of the Nomination and Remuneration Committee shall be as prescribed in Section 178 of the Companies Act, 2013 and 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, 2018	*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 31.03.2018

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L28999WB1943PLC133247
2	Registration Date	December 6, 1943
3	Name of the Company	McNally Sayaji Engineering Limited
4	Category/Sub-category of the Company	Public Limited Company
		Private Sector
5	Address of the Registered office & contact details	4 Mangoe Lane, Kolkata - 700001 Ph: 033 - 22138905, W: http://mcnallysayaji.com/, e: mse.corp@mbecl.co.in
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23, R.N Mukherjee Road, Kolkata - 700001 Phone : (033) 2248 2248

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Metallurgical Machinery		
	a. Crushing and Screening Plant / Machinery / Spares	28230	27.00%
	b. Ball Mill-Machinery / Spares	28230	9.00%
2	Material Handling and Conveying Plant / Machinery / Spares	28162	16.00%
3	Projects/ Special Equipments	28299	30.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)					
SN	**Name and address of the Company**	**CIN/GLN**	**Holding/ Subsidiary/ Associate**	**% of shares held**	**Applicable Section**
1	McNally Bharat Engineering Company Limited	L45202WB1961PLC025181	Holding	79.06*	2(46)
2	McNally Sayaji NFLG Construction Equipment Company Private Limited	U29253WB2014PTC204252	Associate		2(6)
3	MBE Coal & Mineral Technology India Private Limited	U27100WB2009PTC137428	Subsidiary	100	2(87)

*It included 18,00,000 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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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	-	68,01,724	75.66%	68,01,724	18,00,000	86,01,724	79.72%	26.46%
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**	**-**	**68,01,724**	**75.66%**	**68,01,724**	**18,00,000**	**86,01,724**	**79.72%**	**26.46%**
(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**	**-**	**68,01,724**	**75.66%**	**68,01,724**	**18,00,000**	**86,01,724**	**79.72%**	**26.46%**
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	4,35,090	1,600	4,36,690	4.86%	4,35,290	-	4,35,290	4.03%	-0.32%
ii) Overseas	13,40,000	-	13,40,000	14.91%	13,40,000	-	13,40,000	12.42%	0.00%

Annexure G

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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	1,47,259	2,13,100	3,60,359	4.01%	1,46,659	1,87,300	3,33,959	3.10%	-7.33%
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	0.56%	25000	25500	50,500	0.47%	0.00%
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	-	-	-	-	27800	0	27,800	0.26%	100.00%
Sub-total (B)(2):-	**19,47,349**	**2,40,200**	**21,87,549**	**24.34%**	**19,74,749**	**2,12,800**	**21,87,549**	**20.28%**	**0.00%**
Total Public (B)	19,47,349	2,40,200	21,87,549	24.34%	19,74,749	2,12,800	21,87,549	20.28%	0.00%
C. Shares held by Custodian for GDRs & ADRs			-	0.00%				0.00%	0.00%
Grand Total (A+B+C)	**87,49,073**	**2,40,200**	**89,89,273**	**100.00%**	**87,76,473**	**20,12,800**	**1,07,89,273**	**100.00%**	**26.46%**

(ii) Shareholding of Promoter

SN	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	**McNally Bharat Engineering Company Limited**	67,29,698	74.86%	34.7298	85,29,698	79.06%	27.4009	26.75%
2	**EMC Limited**	36,013	0.40%	0	36,013	0.33%	0	-0.07%
3	**Williamson Magor & Co. Limited**	36,013	0.40%	0	36,013	0.33%	0	-0.07%

Annexure G

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	McNally Bharat Engineering Company Limited						
	At the beginning of the year	01-Apr-17		67,29,698	74.86%		0.00%
	Changes during the year	7-Feb-18	Allot	18,00,000	20.02%	18,00,000	16.68%
	At the end of the year	31-Mar-18				85,29,698	79.06%
2	Williamson Magor & Co. Limited						
	At the beginning of the year	01-Apr-17		36,013	0.40%	-	0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-18		–		36,013	0.33%
3	EMC Limited						
	At the beginning of the year	01-Apr-17		36,013	0.40%	-	0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-18		–		36,013	0.33%

(iv) Shareholding Pattern of top ten Shareholders
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	EIG (Mauritius) Limited						
	At the beginning of the year	April 1, 2017		1,340,000	14.91%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	March 31, 2018		-	-	1,340,000	12.42%
2	Anushika Investments Pvt Ltd						
	At the beginning of the year	April 1, 2017		160,000	1.78%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	March 31, 2018		-	-	160,000	1.78%
3	Swaran Financial Pvt Ltd						
	At the beginning of the year	April 1, 2017		120,000	1.33%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	March 31, 2018		-	-	120,000	1.11%
4	Anushreya Investments Pvt. Ltd.						
	At the beginning of the year	April 1, 2017		55,000	0.61%	-	-
	Changes during the year			-	-	-	
	At the end of the year	March 31, 2018		-	-	55,000	0.51%
5	Sagun Dealer Pvt. Ltd.						
	At the beginning of the year	April 1, 2017		48,000	0.53%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	March 31, 2018		-	-	48,000	0.44%
6	York Financial Services Pvt Ltd.						
	At the beginning of the year	01-Apr-17		42,000	0.47%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	31-Mar-18		-	-	42,000	0.39%

Annexure G

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
7	IEPF Authority						
	At the beginning of the year	01-Apr-17		-	-	-	-
	Changes during the year	1st December 2017	Transfer	27800	0.31	-	-
	At the end of the year	31-Mar-18		-	-	27,800	0.26%
8	Kailash Agarwal						
	At the beginning of the year	01-Apr-17		25,000	0.28%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	31-Mar-18		-	-	25,000	0.23%
9	Jayant Laljibhai Chothani						
	At the beginning of the year	01-Apr-17		9,600	0.11%	-	-
	Changes during the year			-	-	-	0.00%
	At the end of the year	31-Mar-18		-	-	9,600	0.09%
10	Bipin Gathani						
	At the beginning of the year	01-Apr-17		7,000	0.08%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	31-Mar-18		-	-	7,000	0.06%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares	No. of Shares	% of total shares
1	Mr. Uttam Tekriwal (CFO)						
	At the beginning of the year	April 1, 2017		200	0.00%	-	-
	Changes during the year			-	-	-	-
	At the end of the year	March 31, 2018		-	-	200	0.00%

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	17,718.00	1,247.00	-	18,965.00
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due		-	-	-
Total (i+ii+iii)	**17,718.00**	**1,247.00**	**-**	**18,965.00**
Change in Indebtedness during the financial year				
* Addition	377.00	3,729.00	-	4,106.00
* Reduction	2,516.00	981.00	-	3,497.00
Net Change	**(2,139.00)**	**2,748.00**	**-**	**609.00**
Indebtedness at the end 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**

Annexure G

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name	**Subir Chaki (01.04.17 - 30.09.17)**	**Pradip Kumar Tibdewal (01.11.17 - 31.03.18)**	**Total Amount Rs.**
	Designation	WTD	WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32,10,000.00	40,14,000.00	72,24,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,10,000.00	–	5,10,000.00
	(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 (PF & other funds)	2,10,000.00	1,80,000.00	3,90,000.00
	Total	39,30,000.00	41,94,000.00	81,24,000.00

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Indebtedness
		Mr. Padam Kumar Khaitan	Mr. B Bhushan	Mrs. Tehnaz Punwani	
1	Independent Directors*				
	Fee for attending board / committee meetings	–	–	–	–
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	Total (1)	–	–	–	–
2	Other Non-Executive Directors	Mr. Heath Brian Zarin	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				81,24,000.00
	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. Subir Chaki and Mr.Pradip Kumar Tibdewal are professional directors and neither of them have any interest in the Capital of the Company. Additionally, Mr.Chaki's remuneration was approved by the Members of the Company through a Special Resolution at their EGM held on May 4, 2015. Hence, his remuneration is within the limits specified in Schedule V of the Act.

Annexure G

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Name	Mr. Uttam Tekriwal	Mr. Arunabha Acharya	Saikat Ghosh	
	Designation	CFO	CS Till 21.02.2018	CS From 05.03.18	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45,76,600.00	4,80,722.00	38,569.00	50,95,891.00
	(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	**45,76,600.00**	**4,80,722.00**	**38,569.00**	**50,95,891.00**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors

Place : Kolkata
Dated : August 14, 2018

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 2017-18, 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: - Rs. 672.35 Lakhs

   Sale of products and services: Rs. 3595.10 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, 2018

Pradip Kumar Tibdewal
Whole Time Director

Srinivash Singh
Director

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of McNally Sayaji Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

    (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 35;

        ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018;

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **LOVELOCK & LEWES**
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place: Kolkata
Date: May 29, 2018

Annexure 'A' to the Independent Auditors' Report

Referred to in paragraph 10(f)of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limitedon the Standalone Ind AS Financial Statements for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of McNally Sayaji Engineering Limited ("the Company") as of March 31, 2018 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

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to providea basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference

Annexure 'A' to the Independent Auditors' Report

to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LOVELOCK & LEWES**
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place: Kolkata
Date: May 29, 2018

Annexure 'B' to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limited on the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2018

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

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

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

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

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

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

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, service tax, duty of excise and goods and service tax with effect from July 1, 2017 have not been regularly deposited with the appropriate authorities and there have been serious delays in a

Annexure 'B' to the Independent Auditors' Report

large number of cases and is regular in depositing undisputed statutory dues, including duty of customs, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2018, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due date	Date of Payment
Finance Act, 1994	Service tax	5.91	April 2017	06/05/2017	Not yet paid
Finance Act, 1994	Service tax	22.84	May 2017	06/06/2017	Not yet paid
Finance Act, 1994	Service tax	16.75	June 2017	06/06/2017	Not yet paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs and goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise duty, service tax, or value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act 1944	Excise Duty	6.70	1990-91	CESTAT, Kolkata
Central Excise Act 1944	Excise Duty	50.29	1992-93 to 1995-96	Deputy Commissioner, Dhanbad
Central Excise Act 1944	Excise Duty	28.32	1996-97	Assistant Commissioner, Dhanbad
Central Excise Act 1944	Excise Duty	55.40	2011-12, 2012-13, 2013-14, 2014-15	Commissioner of Central Excise, Bolpur, West-Bengal.
Finance Bill 1994	Service Tax	15.68	2011-12,2012-13	Commissioner of Central Excise, Bolpur, West-Bengal.
Central Excise Act 1944	Excise Duty	31.14	2011-12	Commissioner (Appeal), Ranchi
Central Excise Act 1944	Excise Duty	46.96	2012-13,2013-14	Commissioner (Appeals) Baroda
Finance Bill 1994	Service Tax	2,239.14	2012-13 - 2015-16	Assistant Commissioner, Dhanbad
Name of the statute	**Nature of dues**	**Amount (Rs. in lakhs)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Bihar Finance Act 1981	Sales Tax	20.25	1991-92, 1992-93 & 2004-05	Deputy Commissioner of Commercial Taxes, Chirkunda
Central Sales Tax 1956	Sales Tax	2,327.54	2006-07 to 2010-11, 2012-13 to 2014-15	Commissioner of Commercial Taxes, Ranchi
Jharkhand Value Added Tax, 2005	Sales Tax	114.55	2007-08, 2008-09, 2012-13 & 2014-15	Commissioner of Commercial Taxes, Ranchi
Jharkhand Value Added Tax, 2005	Sales Tax	9.71	2011-12	Joint Commissioner of Commercial taxes, Dhanbad
Central Sales Tax 1956	Sales Tax	131.16	2011-12	Joint Commissioner of Commercial taxes, Dhanbad
Central Sales Tax 1956	Sales Tax	810.65	2010-11 to 2012-13	Sr. Joint Commissioner, (Appeal) Commercial Taxes, Kolkata
Income Tax Act, 1961	Income Tax	322.45	2014-15	Commissioner Income Tax (Appeals)

Annexure 'B' to the Independent Auditors' Report

viii. According to the records of the Company examined by us and the information and explanations given to us, except for loans from ICICI Bank for the period from June 17, 2017 to September 14, 2017 aggregating Rs. 625 lakhs and for the period from December 17, 2017 to February 15, 2018 aggregating Rs 625 lakhs, as described below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

Name of the Lender	Nature of dues	Period of default	Amount of default (Rs. In Lakhs)
ICICI Bank	Term Loan	June 17, 2017 to September 14, 2017	625.00
ICICI Bank	Term loan	December 17, 2017 to February 15, 2018	625.00

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. In our opinion, and according to information and explanation given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

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

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

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

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

For **LOVELOCK & LEWES**
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place: Kolkata
Date: May 29, 2018

Standalone Balance Sheet as at 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	14,737	16,241
Capital work-in-progress	4	*	*
Investment properties	5	378	381
Other intangible assets	6	34	104
Financial assets			
Investments	7	2,700	2,700
Trade receivables	8	689	1,207
Other financial assets	11	142	140
Deferred tax assets	15	4,217	3,096
Total non-current assets		**22,897**	**23,869**
Current assets			
Inventories	12	13,814	13,528
Financial assets			
Trade receivables	8	9,067	8,184
Cash and cash equivalents	9	330	479
Bank balances other than above	10	152	108
Other financial assets	11	-	28
Current Tax Assets (Net)	14	287	149
Other current assets	13	1,180	1,112
Total current assets		**24,830**	**23,588**
Total assets		**47,727**	**47,457**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,079	899
Other equity			
Compulsorily convertible preference shares	16	180	360
Reserves and surplus	17	11,104	14,483
Total equity		**12,363**	**15,742**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	3,108	3,692
Trade payables	21	-	14
Other financial liabilities	20	-	*
Employee benefit obligations	23	141	184
Total non-current liabilities		**3,249**	**3,890**
Current liabilities			
Financial Liabilities			
Borrowings	19	14,840	11,715
Trade payables	21	11,179	7,619
Other financial liabilities	20	2,772	5,390
Provisions	22	81	102
Employee benefit obligations	23	256	303
Other current liabilities	24	2,987	2,696
Total current liabilities		**32,115**	**27,825**
Total liabilities		**35,364**	**31,715**
Total equity and liabilities		**47,727**	**47,457**

* amount is below rounding off norm adopted by Company
The accompanying notes are an integral part of these Standalone Financial Statements
This is the Standalone Balance Sheet referred to in our Report of even date.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number : 55000
Place : Kolkata
Date : 29th May, 2018

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

Standalone Statement of Profit & Loss for the year ended 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from operations	26	21,942	26,333
Other income	27	433	1,185
Total income		**22,375**	**27,518**
EXPENSES			
Cost of materials consumed	28	8,823	8,937
Purchases of stock-in-trade		2,530	3,512
Changes in inventories of work-in-progress and finished goods	29	(214)	234
Excise duty		442	2,485
Employee benefit expense	30	2,725	2,853
Depreciation and amortisation expense	31	1,626	1,616
Other expenses	32	7,703	6,944
Finance costs	33	3,302	3,449
Total expenses		**26,937**	**30,030**
Profit / (Loss) before tax		**(4,562)**	**(2,512)**
Income tax expense	34		
- Current tax		-	-
- Deferred tax Charge/(Credit)		(1,140)	(3,078)
Total tax expense		(1,140)	(3,078)
Profit / (Loss) for the year		**(3,422)**	**566**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		62	(59)
Income Tax relating to these items	34	(19)	18
Other comprehensive income for the year, net of tax		43	(41)
Total Comprehensive Income for the year		**(3,379)**	**525**
Earnings / (Loss) per equity share for profit / (loss) for the year (Face Value of Rs 10/- each):	40		
- Basic		(29.50)	6.29
- Diluted		(29.50)	6.29

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

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

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

Standalone Statement of Change in Equity

A. EQUITY SHARE CAPITAL

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Amount
As at 1 April 2016	16	899
Changes in Equity Share Capital		-
As at 31 March 2017	16	899
Changes in Equity Share Capital		180
As at 31 March 2018	**16**	**1,079**

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 2016	**-**	**3,372**	**1,465**	**(1,334)**	**8,115**	**11,618**
Profit for the year	-		-	566	-	566
Other Comprehensive Income				(41)		(41)
Total Comprehensive Income for the year	**-**	**-**	**-**	**525**	**-**	**525**
Issue of compulsurily convertible preference shares	360	2,340	-	-	-	2,700
Balance at 31 March 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**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes
This is the Standalone Statement of Changes in Equity referred to in our Report of even date.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number : 55000
Place : Kolkata
Date : 29th May, 2018

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

Standalone Cash Flow Statement for the year ended 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flow from operating activities		
Profit/(Loss) before tax	(4,562)	(2,512)
Adjustments for :-		
Depreciation on Tangible Assets	1,553	1,543
Amortisation of Intangible assets	70	70
Depreciation on Investment Property	3	3
Loss / (Gain) on Sale of Fixed Assets (Net)	-	**2**
Interest income	(17)	(612)
Finance costs	3,302	3,449
Provision for bad and doubtful trade receivables	564	299
Bad Debts written off	152	1
Liabilities no longer required written back	(186)	(81)
Provision no longer required written back	(27)	(243)
Provision for Warranty	(21)	9
Provision for Mark to Market Loss no longer required written back	25	73
Net exchange differences	1	2
Cash flow from operating activities before change in operating assets and liabilities	**857**	**2,003**
Decrease / (Increase) in trade and Other Receivables	(1,165)	6,177
Decrease / (Increase) in inventories	(286)	241
Increase / (Decrease) in Trade & Other Payables	3,709	(1,302)
Increase / (Decrease) in employee benefit obligations	(90)	69
Cash generated from operations	**3,025**	**7,188**
Income taxes (paid) / received	(138)	(62)
Net cash inflow from operating activities	**2,887**	**7,126**
Cash flows from investing activities		
Payments for property, plant and equipment	(44)	(43)
Proceeds from sale of property, plant and equipment	-	11
Interest received	17	612
Net cash inflow (outflow) from investing activities	**(27)**	**580**
Cash flows from financing activities		
(Repayment of) / Proceeds from Long Term Borrowings	(2,523)	(3,313)
Interest paid	(3,602)	(3,276)
Net increase (decrease) in Cash Credit Facilities including WCDL	3,125	(873)
Payment of Dividend	(1)	(1)
Net cash outflow from financing activities	**(3,001)**	**(7,463)**
Net increase (decrease) in cash and cash equivalents	**(141)**	**243**
Cash and cash equivalents at opening of the year	471	228
Cash and cash equivalents at end of the year	330	471

Standalone Cash Flow Statement for the year ended 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	31st March, 2018	31st March, 2017
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents [Refer Note 9]	330	479
Bank overdrafts [Refer Note 20]	-	8
Balances per statement of cash flows	330	471

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

The accompanying notes are an integral part of these Standalone Financial Statements
This is the Standalone Cash Flow Statement referred to in our report of even date.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

Notes to the standalone 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 standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

1.1.1 Compliance with Ind AS

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

1.1.2 Classification of current and non-current

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

1.1.3 Historical Cost Convention

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

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

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

1.2 Segment Reporting

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

1.3 Foreign Currency Translation

1.3.1 Functional and presentation currency

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

1.3.2 Transactions and Balances

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

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

1.4 Revenue Recognition

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

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

Sale of Products

Revenue from sale of products is recognized on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery.

Sale of Services

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

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

1.5 Accounting for Taxes on Income

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

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

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

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

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

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

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

1.6 Cash and Cash Equivalents

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

1.7 Leases

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased 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 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 (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.

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

1.8 Trade Receivables

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

1.9 Inventories

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

1.10 Investments and Other Financial Assets

1.10.1 Classification

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

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

- those measured at amortised cost

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

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

1.10.2 Measurement

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

Debt instruments

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

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

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

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

value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

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

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

1.10.3 Impairment of financial assets

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

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

1.10.4 Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

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

1.10.5 Income Recognition

Interest Income

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

Dividends

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

1.11 Property, Plant and Equipment

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

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

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 greater than its estimated recoverable amount.

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

1.12 Investment Properties

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

1.13 Intangible Assets

1.13.1 Design and Drawings, Technical knowhow and other rights

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

1.13.2 Computer software

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

1.13.3 Research and Development

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

1.13.4 Amortisation methods and periods

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

1.14 Trade and Other Payables

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

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

1.15 Borrowings

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

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

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

1.16 Borrowing Cost

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

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

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

1.17 Provision and Contingent Liabilities

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

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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

1.18 Employee Benefits

1.18.1 Short-term Employee Benefits

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

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

1.18.2 Other Long-term Employee Benefits

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

1.18.3 Post-employment Benefit Plans

- Provident Fund

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

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

- Superannuation Fund

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

- Gratuity

This is a defined benefit plan. The schemes, which are funded with SBI Life Insurance Co. Ltd. and Life Insurance Corporation of India (LIC), are administered by independent trusts. The liability is determined based on year-end actuarial valuation using Projected Unit Credit Method.

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

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

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

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

1.18.4 Bonus plans

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

1.19 Impairment of non-financial assets

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

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

or Company of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.20 Derivatives

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

1.21 Offsetting financial instruments

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

1.22 Equity

Equity shares are classified as equity.

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

1.23 Dividends

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

1.24 Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit/ loss attributable to owners of the Company

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

Diluted earnings per share

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

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

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

1.25 Rounding of Amounts

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

2 Critical Estimates & Judgements

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

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

(b) Estimation of defined benefit obligation.

(c) Expected credit loss on trade receivables.

(d) Estimated fair value, as applicable.

(e) Estimated useful life of assets.

(f) Estimation of provision for warranty.

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

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**

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

(a) Other Adjustments for Property, plant and equipment include Rs. 7 (31.03.2017 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 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 31.03.2018 of Rs. 707, 31.03.2017 Rs. 1067) comprised in erstwhile Product Division of MBECL.

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1st April, 2016	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2017	As at 1st April, 2016	For the year	Sale/ Adjustment	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Lease hold Land	2,519	-	(3)	-	2,516	171	31	-	202	2,314	2,348
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,362	-	(11)	-	13,351	3,301	565	-	3,866	9,485	10,061
Plant and Machinery	8,537	28	(1)	4	8,560	6,776	838	4	7,610	950	1,761
Plant and Machinery - Windmill	764	-	-	-	764	653	51	-	704	60	111
Furniture and Fixture	342	-	-	3	339	266	40	3	303	36	76
Refrigerators and Air Conditioners	87	-	-	-	87	67	8	-	75	12	20
Office Equipments	223	9	-	2	230	228	5	2	231	(1)	(5)
Motor Vehicles	62	21	-	26	57	38	8	17	29	28	24
31 March 2017	**26,185**	**58**	**(15)**	**35**	**26,193**	**11,500**	**1,546**	**26**	**13,020**	**13,173**	**14,685**

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

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

(b) Pursuant to the Scheme of Arrangement between the Company and McNally Bharat Engineering Company Limited (MBECL), the holding company, the existing charges on the assets of the erstwhile Products Division of MBECL for facilities enjoyed by MBECL will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain assets of the Company (net written down value as at 31.03.2017 of Rs. 1067, 31.03.2016 Rs. 1434; 01.04.2015 Rs. 1808)comprised in erstwhile Product Division of MBECL.

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 4 CAPITAL WORK-IN-PROGRESS	31-Mar-18	31-Mar-17
Capital work-in-progress	*	*

* amount is below rounding off norm adopted by Company

Note 5 INVESTMENT PROPERTIES [LEASEHOLD LAND]	31-Mar-18	31-Mar-17
Gross carrying amount		
Opening gross carrying amount / Deemed cost	408	408
Additions	-	-
Disposals / Adjustments	-	-
Closing gross carrying amount	**408**	**408**
Accumulated ammorisation		
Opening accumulated ammortisation	27	24
Ammortisation charge	3	3
Adjustment on disposal	-	-
Closing accumulated ammortisation	**30**	**27**
Net carrying amount	**378**	**381**

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

	31-Mar-18	31-Mar-17
Rental income (included under Other Income - Note 27)	72	72
Direct operating expenses from property that generated rental income	5	5
Profit from investment properties before depreciation	**67**	**67**
Depreciation	3	3
Profit from investment properties	**64**	**64**

(ii) **Leasing arrangements**

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

(iii) **Fair value**

	31-Mar-18	31-Mar-17
Investment properties	1,525	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 standalone financial statements for the year ended 31st March, 2018

(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, 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**
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**

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

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

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 7 NON-CURRENT INVESTMENTS	31-Mar-18	31-Mar-17
Investment in equity instruments (fully paid-up)		
Unquoted		
Investment in subsidiary		
349,323 (31 March 2017 : 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
Aggregate amount of impairment in the value of investments	–	–

Note 8 TRADE RECEIVABLES	31-Mar-18	31-Mar-17
Trade receivables	12,519	11,777
Less: Allowance for doubtful debts @	(2,763)	(2,386)
Total receivables	**9,756**	**9,391**
Current portion	9,067	8,184
Non-current portion	689	1,207

BREAK-UP OF SECURITY DETAILS	31-Mar-18	31-Mar-17
Secured, considered good	-	-
Unsecured, considered good	10,763	10,430
Doubtful	1,756	1,347
Total	**12,519**	**11,777**
Allowance for doubtful debts @	(2,763)	(2,386)
Total trade receivables	9,756	9,391

@ includes expected credit loss of Rs. 1,007; and Rs. 1,039 as at 31.03.2018; and 31.03.2017 respectively. Also refer note 37(A)(b).

Note 9 CASH AND CASH EQUIVALENTS	31-Mar-18	31-Mar-17
Balances with banks		
- in current accounts	160	315
- in dividend accounts #	2	3
Deposits with maturity of less than three months	163	150
Cash on hand	5	11
Total cash and cash equivalents	**330**	**479**
Amount under lien	**40**	**-**

Earmarked for payment of unpaid dividend only.

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 10 OTHER BANK BALANCES	31-Mar-18	31-Mar-17
Bank deposits with original maturity greater than three months and maturing within twelve months	152	108
Total other bank balances	**152**	**108**
Amount under lien	152	-

	31-Mar-18		31-Mar-17	
Note 11 OTHER FINANCIAL ASSETS	**Current**	**Non-current**	**Current**	**Non-current**
Unsecured, considered good, unless stated otherwise				
(i) Derivatives				
Foreign-exchange forward contracts	-	-	25	-
(ii) Others				
Recoverable from Director	-	-	3	-
Deposit with Banks having maturity more than twelve months	-	-	-	12
Security deposits - considered good	-	142	-	128
Security deposits - considered doubtful	-	2	-	4
Less: Allowances for doubtful security deposits	-	(2)	-	(4)
	-	142	28	140
Total loans	**-**	**142**	**28**	**140**

Note 12 INVENTORIES [Refer Note 1.9]	31-Mar-18	31-Mar-17
Raw materials	1,534	1,684
Work-in-progress	11,199	11,077
Finished goods	155	63
Stores and spares	744	641
Loose Tools	182	63
Total inventories	**13,814**	**13,528**

Note 13 OTHER CURRENT ASSETS	31-Mar-18	31-Mar-17
Unsecured, considered good, unless stated otherwise		
Balance with Government Authorities	475	653
Advance for goods and services	467	341
Others #	238	118
Total other current assets	**1,180**	**1,112**

includes primarily employee advance and prepaid expenses.

Note 14 CURRENT TAX ASSETS (NET)	31-Mar-18	31-Mar-17
Opening balance	149	87
Add : Advance tax paid during year (including tax deducted at source)	204	62
Less : Refund received during the year	(66)	-
Closing balance	**287**	**149**

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 15 DEFERRED TAX ASSET	**31-Mar-18**	**31-Mar-17**
The balance comprises temporary differences attributable to :		
Deferred tax asset on account of		
Unabsorbed Tax Depreciation/Loss	4,583	3,731
Items allowable for tax purpose on payment basis	124	152
Allowance for doubtful debts and doubtful advances	423	352
Others	70	116
Total deferred tax assets	**5,200**	**4,351**
Deferred tax liability on account of		
Property, plant and equipment, investment property and intangible assets	(972)	(1,228)
Others	(11)	(27)
Total deferred tax liabilities	**(983)**	**(1,255)**
Net deferred tax asset/(liability)	**4,217**	**3,096**

Movements in deferred tax liabilities

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

Significant estimates

The company has recognised deferred tax assets on carried forward tax losses. The company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The company is expected to generate taxable income from 2021-22 onwards.

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 16 EQUITY SHARE CAPITAL	31-Mar-18 Number of shares	31-Mar-18 Amount	31-Mar-17 Number of shares	31-Mar-17 Amount
(i) Authorised				
Equity Shares of Rs. 10/- each	50,000,000	5,000	50,000,000	5,000
Preference Shares of Rs. 10/- each	4,000,000	400	4,000,000	400

	31-Mar-18 Number of shares	31-Mar-18 Amount	31-Mar-17 Number of shares	31-Mar-17 Amount
(ii) Issued, Subscribed and Paid up Equity Shares				
Equity Shares of Rs. 10/- each	1,07,89,273	1,079	89,89,273	899
5,255,529 Equity Shares of Rs. 10 each were issued as fully paid up pursuant to a Scheme of Arrangement for consideration other than cash				
		1,079		**899**
Preference Shares				
Compulsurily Convertible Preference Shares of Rs. 10/- each	18,00,000	180	36,00,000	360
(issued for consideration other than cash)				
		180		**360**

	31-Mar-18 Number of shares	31-Mar-17 Number of shares
(iii) Equity Shares are held by the holding company	85,29,698	67,29,698

	31-Mar-18 Number of shares	31-Mar-18 Amount	31-Mar-17 Number of shares	31-Mar-17 Amount
(iv) Reconciliation of shares				
Equity Shares				
Shares outstanding at the beginning of the year	89,89,273	899	89,89,273	899
Add: Equity shares issued in lieu of conversion	18,00,000	180	–	–
Shares outstanding at the end of the year	1,07,89,273	1,079	89,89,273	899
Preference Shares				
Shares outstanding at the beginning of the year	36,00,000	360	–	–
Issued during the year			36,00,000	360
Less: Conversion in to equity shares	(18,00,000)	(180)	–	–
Shares outstanding at the end of the year	18,00,000	180	36,00,000	360

(v) Terms/rights attached to equity shares

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

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

(All amounts in Rs lakhs, unless otherwise stated)

(vi) Terms/rights attached to preference shares

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

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

	31-Mar-18		31-Mar-17	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	85,29,698	79.06	67,29,698	74.86
EIG (Mauritius) Limited	13,40,000	12.42	13,40,000	14.91

(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%	36,00,000	100%

(ix) 3,600,000, 1% Compulsorily Convertible Preference Shares (CCPS) having par value of Rs. 10/- each were on issued to McNally Bharat Engineering Company Limited on 31.03.2017 at security premium of Rs. 65/- per share. Out of same, 50% has been converted into equity shares on February 7, 2018.

Note 17 RESERVES AND SURPLUS	31-Mar-18	31-Mar-17
Capital reserve	8,115	8,115
Securities premium reserve	5,712	5,712
General reserve	1,465	1,465
Retained earnings	(4,188)	(809)
Total reserves and surplus	**11,104**	**14,483**

(i) Capital reserve

	31-Mar-18	31-Mar-17
Opening balance	8,115	8,115
Add / less : Movement during the year	–	–
Closing balance	**8,115**	**8,115**

(ii) Securities premium reserve

	31-Mar-18	31-Mar-17
Opening balance	5,712	3,372
Add / less : Movement during the year [Refer note 16(ix)]	-	2,340
Closing balance	**5,712**	**5,712**

(iii) General reserve

	31-Mar-18	31-Mar-17
Opening balance	1,465	1,465
Appropriations during the year	–	–
Closing balance	**1,465**	**1,465**

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

(iv) Retained earnings

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Opening balance	(809)	(1,334)
Net profit / (loss) for the period	(3,422)	566
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	43	(41)
Closing balance	**(4,188)**	**(809)**

Nature & Purpose of Other Reserves

(a) Capital Reserve

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

(b) Securities Premium Reserve

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

(c) General Reserve

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

	31-Mar-18	31-Mar-17
Note 18 NON-CURRENT BORROWINGS		
Secured Loans		
Term Loans		
From Banks	4,725	7,239
From Others	9	11
Total non-current borrowings	**4,734**	**7,250**
Less: Current maturities of long-term debt (included in note 20)	1,626	3,558
Non-current borrowings (as per balance sheet)	**3,108**	**3,692**

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. Nil (31.03.2017 Rs. 849) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
ii. Year end term loan balance from DBS Bank Ltd. of Rs. Nil (31.03.2017 Rs. 1,568) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.
iii. Year end term loan balance from ICICI Bank Ltd. of Rs. 3,725 (31.03.2017 Rs. 5,000) 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 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 June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.

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

(All amounts in Rs lakhs, unless otherwise stated)

iv. Year end term loan balance from DBS Bank Ltd. of Rs. 1000 (31.03.2017 Rs. NIL) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 8 equal quarterly installments of Rs. 125 each beginning from 3rd July 2017. Interest is payable at the 13% p.a. on monthly basis.
v. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 9 (31.03.2017 Rs. 11) 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.

	31-Mar-18	31-Mar-17
Note 19 CURRENT BORROWINGS		
Secured Loans from Banks		
Loans Repayable on demand #	10,845	10,468
Unsecured Loans		
From Banks	-	981
Inter - corporate deposit	3,995	266
	3,995	**1,247**
Total current borrowings	**14,840**	**11,715**

Nature of Security on Secured Loans availed from Banks

Cash Credit facilities and Working Capital Demand Loans are secured by first pari passu charge on entire current assets of the Company. This facility is also secured by second pari passu charge over the immoveable and moveable fixed assets of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future.

	31-Mar-18	31-Mar-17
Note 20 OTHER FINANCIAL LIABILITIES		
Non Current		
Derivatives Instrument	–	*
Total Non Current	–	*
Current		
Current maturities of long-term debt	1,626	3,558
Interest accrued but not due on Borrowings	-	58
Interest accrued and due on Borrowings	120	362
Temporary overdraft	-	8
Employee benefits payable	306	358
Capital creditors	44	46
Unpaid Dividends	2	3
Liability for Other Expenses $	674	997
Total Current	**2,772**	**5,390**
Total other financial liabilities	**2,772**	**5,390**

$ includes primarily Creditors for other expenses, corporate guarantee liability and deposit received from suppliers.
* rounding off norms adopted by the Company

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 21 TRADE PAYABLES	31-Mar-18	31-Mar-17
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 42)	108	92
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,071	7,541
Total trade payables	**11,179**	**7,633**
Current portion	11,179	7,619
Non-current portion	–	**14**

Note 22 PROVISIONS	31-Mar-18	31-Mar-17
Warranty	81	102
Total	**81**	**102**

(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 2018, this particular provision had a carrying amount of Rs 81 lakhs (31.03.2017 Rs 102 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 8 higher or lower (31.03.2017 Rs 10 lakhs higher or lower).

(ii) Movements in provisions

	31-Mar-18	31-Mar-17
Balance as at the beginning of the year	102	93
Additions	–	9
Amount used	21	–
Balance as at the end of the year	81	102

	31-Mar-18			31-Mar-17		
Note 23 EMPLOYEE BENEFIT OBLIGATIONS	Current	Non-current	Total	Current	Non-current	Total
Employee benefit obligations	256	141	397	303	184	487
Total employee benefit obligations	**256**	**141**	**397**	**303**	**184**	**487**

(i) Post-employment obligations

a) Gratuity

In keeping with the Company's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death/ incapacitation/ termination etc. Also refer Note 1.18 for accounting policy related to gratuity. The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) :

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

(All amounts in Rs lakhs, unless otherwise stated)

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

	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**

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

	31-Mar-18	31-Mar-17
Present value of funded obligations	508	613
Fair value of plan assets	(284)	(327)
Deficit of funded plans	224	286

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-18	31-Mar-17
Discount rate	7.75%	7.50%
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	

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

(All amounts in Rs lakhs, unless otherwise stated)

The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investment of funds during the estimated term of the obligation.

The contribution expected to be made by the Company for the year ended March 31, 2019 is not readily ascertainable.

Expected Payout

The weighted average duration for 2017 -18 of the defined benefit obligation is 5.04 years (March 31, 2017 : 15.42 years). The expected maturity analysis of undiscounted gratuity is as follows:

	31-Mar-18	31-Mar-17
Less than a year	51	27
Between 1 to 2 years	136	178
Between 2 to 5 years	272	265
More than 5 Years	291	243
Total	**750**	**713**

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

	31-Mar-18	31-Mar-17
Sensitivity Analysis		
Increase in discount rate by 1%	483	585
Decrease in discount rate by 1%	534	641
Increase in salary escalation by 1%	535	642
Decrease in salary escalation by 1%	481	584
Increase in Withdrawl rate by 1%	513	617
Decrease in Withdrawl rate by 1%	501	606

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

Risk exposure

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

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

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

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

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

b) Provident Fund

"Contributions towards provident funds are recognised as expense for the year. The Company contributes to the provident funds trusts set up by the holding company in respect of certain categories of employees which is administered by Trustees. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary to and aggregate contributions along with interest thereon are paid to the employee's/ nominee's at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable

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

(All amounts in Rs lakhs, unless otherwise stated)

to the members of the Trusts is not lower that the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

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

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the balance sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs. 92 lakhs (2016-17 Rs. 94 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-18	31-Mar-17
Discount rate	7.75%	7.70%
Expected Return on Exempted Fund	8.55%	8.65%

(ii) Post Employment Defined Contribution Plan

During the year, an amount of Rs. 22 lakhs (2016-17 Rs. 23 lakhs) has been recognised as expenditure towards defined contribution provident fund of the company.

	31-Mar-18	31-Mar-17
Note 24 OTHER CURRENT LIABILITIES		
Advance received from customers	2,155	2,181
Dues payable to government authorities	832	515
Total other current liabilities	**2,987**	**2,696**

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

	31-Mar-18	31-Mar-17
Note 26 REVENUE FROM OPERATIONS		
Sale of products (including excise duty)	19,684	24,727
Sale of services	1,782	736
Other operating revenue	476	870
Total revenue from continuing operations	**21,942**	**26,333**

	31-Mar-18	31-Mar-17
Note 27 OTHER INCOME		
Rental income	75	74
Interest income from financial assets at amortised cost	17	612
Provision no longer required written back	27	243
Liability no longer required written back	186	81
Net foreign exchange gain	20	98
Other items	108	77
Total other income	**433**	**1,185**

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 28 COST OF MATERIALS CONSUMED	31-Mar-18	31-Mar-17
Raw materials at the beginning of the year	1,684	1,649
Add: Purchases	8,673	8,972
Less: Raw material at the end of the year	1,534	1,684
Total cost of materials consumed	**8,823**	**8,937**

Note 29 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS	31-Mar-18	31-Mar-17
Opening balance		
Work-in progress	11,077	11,330
Finished goods	63	44
Total opening balance	**11,140**	**11,374**
Closing balance		
Work-in progress	11,199	11,077
Finished goods	155	63
Total closing balance	**11,354**	**11,140**
Total changes in inventories of work-in-progress and finished goods	**(214)**	**234**

Note 30 EMPLOYEE BENEFIT EXPENSES	31-Mar-18	31-Mar-17
Salaries, wages and bonus	2,445	2,548
Contribution to provident and other funds	158	165
Staff welfare expenses	122	140
Total employee benefit expenses	**2,725**	**2,853**

Note 31 DEPRECIATION AND AMORTISATION EXPENSE	31-Mar-18	31-Mar-17
Depreciation of property, plant and equipment	1,553	1,543
Depreciation on investment properties	3	3
Amortisation of intangible assets	70	70
Total depreciation and amortisation expense	**1,626**	**1,616**

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Note 32 OTHER EXPENSES		
Consumption of stores and spares	2,590	2,325
Fabrication and other charges	2,161	1,941
Power	302	298
Repairs and maintenance		
Plant and machinery	14	16
Buildings	53	71
Others	69	72
Professional fees	365	347
Rental charges	62	60
Subscriptions and donations	1	2
Bank charges	17	30
Rates and taxes	24	33
Insurance	72	61
Freight	278	320
Travel and conveyance	386	346
Royalty	31	34
Commission expenses	59	98
Bad debts written off	152	1
Allowance for doubtful debts — trade receivables / other assets	564	299
Provision for warranty	(21)	9
Net loss on sale of tangible assets (net)	-	2
Miscellaneous expenses (refer note 32 (a) below)	524	579
Total other expenses	**7,703**	**6,944**

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

	31-Mar-18	31-Mar-17
Payment to auditors		
Audit fee	33	33
Other services	11	9
Total payments to auditors	**44**	**42**

Note 32 (b) **Corportate Social Responsibility :**

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

	31-Mar-18	31-Mar-17
Note 33 FINANCE COSTS		
Interest and finance charges on financial liabilities at amortised cost	3,302	3,449
Total Finance costs	**3,302**	**3,449**

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

(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-18	31-Mar-17
(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	(849)	(2,747)
(Decrease) increase in deferred tax liabilities	(272)	(349)
Total deferred tax charge / (credit)	**(1,121)**	**(3,096)**
Income tax expense	**(1,121)**	**(3,096)**

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

	31-Mar-18	31-Mar-17
Profit/(Loss) before income tax expense	(4,562)	(2,512)
Other comprehensive income	62	(59)
	(4,500)	**(2,571)**
Tax at the Indian tax rate of 31.2% (2016-2017 - 30.9%)	-	-
Add : Deferred Tax Asset created for Unabsorbed business loss	(852)	(2,726)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	28	(57)
Disallowance for doubtful debts and doubtful advances	(71)	110
Change in carrying value of assets under Income tax and books	(256)	(315)
Others	30	(108)
Income tax expense	**(1,121)**	**(3,096)**

	31-Mar-18	31-Mar-17
Note 35 CONTINGENT LIABILITIES		
(a) Claims against the Company not acknowledged as debts : -		
Excise Duty matters under dispute	2,479	238
Sales Tax and Value Added Tax matters under dispute	3,563	3,415
Income-tax matters	322	-
Other demands related to claims made by certain ex-employees towards employee benefits due to them	137	137
	6,501	**3,790**
(b) Others		
Bills discounted with banks against letter of credit	-	94
Corporate Guarantee to banks on behalf of holding company	5,950	5,950
	5,950	**6,044**
	12,451	**9,834**

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

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 36 FAIR VALUE MEASUREMENTS

Financial instruments by category

	31 March 2018			31 March 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Trade Receivables	–	–	9,756	–	–	9,391
Cash and Cash Equivalents	–	–	330	–	–	479
Other bank balances	–	–	152	–	–	108
Derivative financial asset	–	–		25	–	–
Other financial assets	–	–	142	–	–	143
Total Financial Assets	**–**	**–**	**10,380**	**25**	**–**	**10,121**
Financial Liabilities						
Borrowings	–	–	17,948	–	–	15,407
Trade payables	–	–	11,179	–	–	7,633
Other Financial Liabilities	–	–	2,772	–	–	5,390
Total Financial Liabilities	**–**	**–**	**31,899**	**–**	**–**	**28,430**

(i) Fair value hierarchy

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

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

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

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

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

(All amounts in Rs lakhs, unless otherwise stated)

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

The management consider that the carrying amounts of financial assets and liabilities recognized in the financial statements and carried at amortised cost approximate their fair value as on 31.03.2018 and 31.03.2017.

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 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

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

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

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

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

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

(All amounts in Rs lakhs, unless otherwise stated)

(a) Expected credit loss for other financial assets

Particulars		Assetgroup	Internal credit rating	Estimated gross carrying amount at default		Expected probability of default		Expected credit losses		Carrying amount net of impairment provision	
				Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
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	142	143	-	-	-	-	142	143

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

Particulars (Internal credit rating - VL 3)	As at 31 March 2018		As at 31 March 2017	
	Due for less than six months	Due for more than six months	Due for less than six months	Due for more than six months
Gross carrying amount	6,195	4,564	6,191	4,239
Expected credit losses (loss allowance provision)	171	836	177	862
Carrying amount of trade receivables	6,024	3,728	6,014	3,377

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

Particulars	As at 31 March 2018	As at 31 March 2017
Loss allowance on at opening balance sheet date	1,039	1,260
Changes in loss allowance	(32)	(221)
Loss allowance on at closing balance sheet date	1,007	1,039

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.

(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.

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

(All amounts in Rs lakhs, unless otherwise stated)

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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
Derivative financial liabilities	-	*	-	-	-	*
Borrowings	14,840	11,715	3,108	3,692	17,948	15,407
Trade payables	11,179	7,621	-	12	11,179	7,633
Other financial liabilities	2,772	5,390	-	-	2,772	5,390
Total Liability	**28,791**	**24,726**	**3,108**	**3,704**	**31,899**	**28,430**

(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 2018		As at 31 March 2017	
	USD	EURO	USD	EURO
Financial Assets				
Trade Receivables	1	-	1	-
Derivative financial assets	-	-	25	-
	1	**-**	**26**	**-**
Financial Liability				
Foreign currency loan	-	-	13	-
Trade Payable	-	-	-	-
Derivative financial liability	-	-	-	-
	-	**-**	**13**	**-**

(b) Sensivity:

Impact on profit

	As at 31 March 2018		As at 31 March 2017	
	USD	EURO	USD	EURO
Increase by 5% (31 March 2017-5%)#	3	-	(37)	-
Decrease by 5% (31 March 2017-5%)#	(3)	-	37	-

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 2018 and 31 March 2017, the Company's borrowings at variable rate were mainly denominated in INR and USD.

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

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

(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 2018**	**As at 31 March 2017**
Variable rate borrowings	15,579	18,699
Fixed rate borrowings	3,995	266

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

(b) Sensivity

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

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Increase in interest rates by 50 basis points (50 bps) #	(86)	(104)
Decrease in interest rates by 50 basis points (50 bps) #	86	104

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 asssets to reduce debt.

Loan covenants

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

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 39 ASSETS PLEDGED AS SECURITY

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

Particulars	31-Mar-18	31-Mar-17
Current		
Financial Assets		
Trade Receivables	9,756	9,391
Cash and Cash Equivalents	482	587
Other financial assets	-	28
Non-financial Assets		
Inventories	13,814	13,528
Other current assets	1,180	1,112
Total Current assets	25,232	**24,646**
Non-current		
Property, Plant and Equipments	14,030	15,174
Capital work-in-progress	*	*
Investment properties	378	381
Other intangible assets	34	104
Total Non-current assets	**14,442**	**15,659**
Total Assets pledged as security	**39,674**	**40,305**

* rounding off norm adopted by the Company

Note 40 EARNINGS PER SHARE

	31-Mar-18	31-Mar-17
Basic Earning per share		
Net profit after tax	(3,422)	566
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	1,16,02,972	89,89,273
Basic Earning per share (in Rs.)	**(29.50)**	**6.29**
Diluted Earning per share		
Net profit	(3,422)	566
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	1,16,02,972	89,99,136
Diluted Earning per share (in Rs.)	**(29.50)**	**6.29**
Weighted average number of shares used as the denominator		
Weighted average number of equity share at the beginning of the year	89,89,273	89,89,273
Weighted average number of equity share issued during the year	26,13,699	-
Compulsorily Convertible Preference shares issued on March 31, 2017*	18,00,000	36,00,000
Weighted average number of equity share at the end of the year	1,16,02,972	89,99,136

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

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

(All amounts in Rs lakhs, unless otherwise stated)

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. 62 (31.03.2017 : Rs. 60) paid/payable are charged as Rent under Other Expenses.

Note 42 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES	31-Mar-18	31-Mar-17
(i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act		
Principal	108	92
Interest	10	24
(ii) The amount of interest paid in terms of section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	-	80
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	-	32
Interest	10	10
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs.7 lakhs (31.03.2017 Rs. 7 lakhs) being interest outstanding as at the beginning of the accounting year]	17	50
(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	29	25

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. 47 lakhs (31.03.2017 Rs. 49 lakhs)

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

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

(All amounts in Rs lakhs, unless otherwise stated)

Disclosure required under Ind AS 108

Particulars	31-Mar-18	31-Mar-17
Revenue from Customers		
- India	21,844	26,288
- Outside India	98	45
Non-current assets		
- India	15,149	16726
- Outside India	-	-

Revenue for the year from couple of external customer is approximately 18% (2016-17 : 19%)

Note 45 RELATED PARTY TRANSACTIONS

a) Where control exists
   i) Holding Company
      McNally Bharat Engineering Company Limited (MBECL)

b) Others
   i) Subsidiary
      MBE Coal & Mineral Technologies India Private Limited (MCMTI)

   ii) Fellow subsidiaries
      McNally Bharat Equipments Limited #
      McNally Bharat Infrastructure Limited (MBIL) $
      MBE Mineral Technologies Pte Limited #
      MBE Minerals Zambia Ltd #
      McNally Bharat Engineering (SA) Proprietary Ltd. # (derigistered at South Africa on 30.6.2017)
      Vedica Sanjeevani Projects Private Limited #

   iii) Entities having significant influence over the Holding Company
      EMC Limited #
      Williamson Magor & Company Limited #

   iv) Post employment benefit plan of the Company
      McNally Bharat Executive Staff Gratuity Fund (MBESGF)
      McNally Bharat Employees Provident Fund (MBEPF)

   v) Key management personnel
      - Mr. P K Tibdewal – Whole time Director [wef November 1, 2017]
      - Mr. Subir Chaki – Whole time Director [upto September 30, 2017]
      - Mr. Uttam Tekriwal – Chief Financial Officer
      - Mr. Heath Brian Zarin – Non-Executive Director
      - Mr. Padam Kumar Khaitan – Non-Executive Director
      - Mr. Brij Bhusan – Non-Executive Director
      - Mrs. Tehnaz Punwani – Non-Executive Director
      - Mr. Arunabha Acharya – Company Secretary (upto February 26, 2018)
      - Mr. Saikat Ghosh – Company Secretary (wef March 5, 2018)

   vi) Key management personnel of Holding Company
      - Mr. Srinivash Singh – Managing Director
      - Mr. Prabir Kumar Ghosh – Whole Time Director [upto 31st August, 2017]
      - Mr. Prashanta Kumar Chandra – Whole Time Director & COO[upto 31st August, 2017]
      - Mr. Lalit Khaitan – Chief Financial Officer
      - Mr. Indranil Mitra – Company Secretary

      # No transactions during the year.
      $ MBIL, a fellow subsidiary till 17th February 2017

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

c) Transactions with related parties:

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

Particulars	31-Mar-18	31-Mar-17
Sale of Products and Services - MBECL	3,590	4,812
Sale of Products and Services - MCMTI	-	11
Sale of Products and Services - MBIL	-	390
Purchase of goods and services - MBECL	611	-
Purchase of goods and services - MCMTI	21	-
Corporate Guarantee given - MBECL	-	5,950
Rental Income - MBECL	72	72
Other Income - MBECL	-	575
Rental and Other Charges - MBECL	24	70
Loan recovered - MBECL	-	2,125
Issue of Preferential Shares - MBECL	-	2,700
Issue of Equity Shares - MBECL	180	-
Remuneration paid to key management personnel	142	142
Contribution to Fund - MBESGF	46	98
Contribution to Fund - MBEPF	43	45

(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	899	973
MCMTI	44	64
Trade Payables		
MBECL	2,697	72
MCMTI	102	158
Other Current Liabilities		
MCMTI	113	113
Investments		
MCMTI	2,700	2,700
Outstanding Compulsorily Convertibe Preference Shares		
MBECL	1,350	2,700
Outstanding Corporate Guarantee Given		
MBECL	5,950	5,950
Outstanding Corporate Guarantee Received		
MBECL	6,496	6,496
Key management personnel		
Advance Outstanding	-	3
Payables	9	13

Notes :

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the Company as a whole hence the employee benefit cost as per Ind AS 19 for key managerial personnel is not available . The amount disclosed reflects the total cost to the Company for the key managerial personnel and includes current service cost for key managerial personal calculated as per Ind AS 19 through acturial valuation for 2017-18 amounting to Rs. 1 lakhs (2016-17 : Rs. 5 lakhs).

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

(All amounts in Rs lakhs, unless otherwise stated)

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

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

Note 46

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

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

Note 47

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 115, 'Revenue from Contracts with Customers'. The amendment is applicable to the Company from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Note 48

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

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

Independent Auditors' Report

TO THE MEMBERS OF
McNALLY SAYAJI ENGINEERING LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of McNally Sayaji Engineering Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"); (refer Note 2.1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the consolidated Ind AS Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidatedInd AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and

Independent Auditors' Report

give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated loss and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by Section143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations, which to the best of ourknowledge and belief were necessary for the purposesof our audit of the aforesaid consolidatedInd AS financial statements.

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

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

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

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

      i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group-Refer Note 34(a) to the consolidated Ind AS financial statements.

      ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018- Refer Note 48 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2018.

      iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For **LOVELOCK & LEWES**
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place: Kolkata
Date: May 29, 2018

Annexure 'A' to the Independent Auditors' Report

Referred to in paragraph 8(f) of the Independent Auditors' Report of even date to the members of McNally Sayaji Engineering Limited on the consolidated financial statements for the year ended March 31, 2018

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of McNally Sayaji Engineering Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

Annexure 'A' to the Independent Auditors' Report

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.

Opinion

8. In our opinion, the Holding Company, its subsidiary company,which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **LOVELOCK & LEWES**
Firm Registration Number: 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place: Kolkata
Date: May 29, 2018

Consolidated Balance Sheet as at 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	14,828	16,326
Capital work-in-progress	4	17	17
Investment properties	5	378	381
Other intangible assets	6	35	105
Financial assets			
i. Trade receivables	7	1,766	2,353
ii. Other financial assets	10	887	794
Deferred tax assets	15	5,101	3,866
Other non-current assets	14	5	5
Total non-current assets		**23,017**	**23,847**
Current assets			
Inventories	11	14,614	14,363
Financial assets			
i. Trade receivables	7	11,138	10,423
ii. Cash and cash equivalents	8	407	604
iii. Bank balances other than (ii) above	9	152	522
iv. Other financial assets	10	342	402
Current Tax Assets (Net)	13	360	198
Other current assets	12	1,368	1,383
Total current assets		**28,381**	**27,895**
Total assets		**51,398**	**51,742**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,079	899
Other equity			
Compulsorily convertible preference shares	16	180	360
Reserves and surplus	17	9,176	12,749
Total equity		**10,435**	**14,008**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	18	3,118	3,692
ii. Trade payables	21	19	53
iii. Other financial liabilities	20	-	*
Provisions	22	109	95
Employee benefit obligations	23	169	213
Other non-current liabilities	24	368	350
Total non-current liabilities		**3,783**	**4,403**
Current liabilities			
Financial Liabilities			
i. Borrowings	19	16,652	13,804
ii. Trade payables	21	13,039	9,733
iii. Other financial liabilities	20	3,569	6,145
Provisions	22	167	202
Employee benefit obligations	23	267	314
Other current liabilities	24	3,486	3,133
Total current liabilities		**37,180**	**33,331**
Total liabilities		**40,963**	**37,734**
Total equity and liabilities		**51,398**	**51,742**

* Amount is below rounding off norm adopted by Group
The accompanying notes are an integral part of these Consolidated Financial Statements
This is the Consolidated Balance Sheet referred to in our Report of even date.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number : 55000
Place : Kolkata
Date : 29th May, 2018

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

Consolidated Statement of Profit & Loss for the year ended 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Year ended 31st March, 2018	Year ended 31st March, 2017
Revenue from operations	25	25,456	31,191
Other income	26	678	1,827
Total income		**26,134**	**33,018**
EXPENSES			
Cost of materials consumed	27	10,459	10,963
Purchases of stock-in-trade		2,530	3,512
Changes in inventories of work-in-progress and finished goods	28	(214)	234
Excise duty		466	2,710
Employee benefit expense	29	3,652	3,839
Depreciation and amortisation expense	30	1,640	1,627
Other expenses	31	8,831	8,382
Finance costs	32	3,640	4,121
Total expenses		**31,004**	**35,388**
Profit / (Loss) before tax		**(4,870)**	**(2,370)**
Income tax expense	33		
- Current tax		-	-
- Deferred tax Charge/(Credit)		(1,254)	(3,026)
Total tax expense		**(1,254)**	**(3,026)**
Profit / (Loss) for the year		**(3,616)**	**656**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		62	(62)
Income Tax relating to these items	33	(19)	19
Other comprehensive income for the year, net of tax		43	(43)
Total Comprehensive Income for the year		**(3,573)**	**613**
Earnings / (Loss) per equity share for profit / (loss) for the year (Face Value of Rs. 10/- each):	39		
- Basic		(31.16)	7.30
- Diluted		(31.16)	7.29

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

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

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

Consolidated Statement of Change in Equity

A. EQUITY SHARE CAPITAL

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	Amount
As at 1 April 2016	16	899
Changes in Equity Share Capital		-
As at 31 March 2017	16	899
Changes in Equity Share Capital		180
As at 31 March 2018	**16**	**1,079**

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 2016	**-**	**3,372**	**1,520**	**(1,759)**	**6,663**	**9,796**
Profit for the year	-	-	-	656	-	656
Other Comprehensive Income	-			(43)		(43)
Total Comprehensive Income for the year	**-**	**-**	**-**	**613**	**-**	**613**
Issue of compulsurily convertible preference shares	360	2,340	-	-	-	2,700
Balance at 31 March 2017	**360**	**5,712**	**1,520**	**(1,146)**	**6,663**	**13,109**
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 compulsurily convertible preference shares	(180)	-	-	-	-	(180)
Balance at 31 March 2018	**180**	**5,712**	**1,520**	**(4,719)**	**6,663**	**9,356**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes
This is the Consolidated Statement of Changes in Equity referred to in our Report of even date.

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	Year ended 31st March, 2018	Year ended 31st March, 2017
Cash flow from operating activities		
Profit before income tax from Continuing operations	**(4,870)**	**(2,370)**
Adjustments for :-		
Depreciation on Tangible Assets	1,567	1,553
Amortisation of Intangible assets	70	71
Depriciation on Investment Property	3	3
Loss / (Gain) on Sale of Fixed Assets (Net)	(2)	2
Interest income classified as investing cash flows	(25)	(637)
Finance costs	3,640	4,121
Provision for bad and doubtful trade receivables	670	399
Bad Debts written off	152	1
Liabilities no longer required written back	(186)	(132)
Provision no longer required written back	(257)	(798)
Provision for Warranty	*	25
Provision for Mark to Market Loss no longer required written back	25	73
Net exchange differences	1	2
Cash flow from operating activities before change in operating assets and liabilities	**788**	**2,313**
Decrease / (Increase) in trade and Other Receivables	(366)	6,676
Decrease / (Increase) in inventories	(251)	173
(Decrease) / Increase in Trade & Other Payables	3,534	(1,259)
(Decrease) / Increase in employee benefit obligations	(91)	71
Cash generated from operations	**3,614**	**7,974**
Income taxes (paid) / received	(162)	(105)
Net cash inflow from operating activities	**3,452**	**7,869**
Cash flows from investing activities		
Payments for property, plant and equipment	(65)	(61)
Proceeds from sale of property, plant and equipment	2	7
Interest received	25	637
Net cash inflow (outflow) from investing activities	**(38)**	**583**
Cash flows from financing activities		
(Repayment of) / Proceeds from Long Term Borrowings	(2,510)	(3,313)
Interest paid	(3,940)	(3,948)
Net (decrease) in Cash Credit Facilities including WCDL	2,848	(883)
Payment of Dividend	(1)	(1)
Net cash outflow from financing activities	**(3,603)**	**(8,145)**
Net increase (decrease) in cash and cash equivalents	**(189)**	**307**
Cash and cash equivalents at beginning of the year	596	289
Cash and cash equivalents at end of the year	407	596

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(All amounts in Rs lakhs, unless otherwise stated)

	31st March, 2018	31st March, 2017
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	407	604
Bank overdrafts	-	(8)
Balances per statement of cash flows	407	596

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

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

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

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

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

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 Classification of current and non-current

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

1.1.3 Historical Cost Convention

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

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

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

1.2 Segment Reporting

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

1.3 Foreign Currency Translation

1.3.1 Functional and presentation currency

Items included in the financial statements of 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 is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of sales return, goods and service tax (GST), sales tax/ value added tax, trade allowances, amount collected on behalf of third parties.

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

Sale of Products

Revenue from sale of products is recognized on transfer of risks and rewards of ownership to customers based on the contract with customers for delivery.

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

Revenue from construction contracts

Revenue from construction contracts is recognized by reference to percentage of completion method. Percentage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.
When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.
When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.
Variation in contract work, claims and incentive payments are included in contract revenue to the extent agreed to with the customer and are capable of being reliably measured.

Sale of Services

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

1.5 Accounting for Taxes on Income

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

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.

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

1.7 Leases

As a lessee

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

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

As a lessor

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

1.8 Trade Receivables

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

1.9 Inventories

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

1.10 Investments and Other Financial Assets

1.10.1 Classification

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

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

- those measured at amortised cost

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

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

1.10.2 Measurement

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

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

Debt instruments

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

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

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

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

Equity instruments

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

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

1.10.3 Impairment of financial assets

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

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

1.10.4 Derecognition of financial assets

A financial asset is derecognised only when

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

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

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

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

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.

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

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

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).

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.

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

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 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.

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

- 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.

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

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

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, 2018

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, 2018

(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, 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	2,517	-	2	-	2,519	137	33	-	170	2,349	2,380
Free hold Land	289	-	-	-	289	-	*	-	*	289	289
Building	13,388	-	4	-	13,392	2,755	576	-	3,331	10,061	10,633
Plant and Machinery	8,680	33	1	1	8,713	6,007	842	1	6,848	1,865	2,673
Plant and Machinery - Windmill	764	-	-	-	764	602	51	-	653	111	162
Furniture and Fixture	343	*	-	-	343	232	37	-	269	74	111
Refrigerators and Air Conditioners	87	-	-	-	87	58	8	-	66	21	29
Office Equipments	302	16	-	9	309	288	14	9	293	16	14
Motor Vehicles	79	14	-	9	84	44	7	9	42	42	35
31 March 2018	**26,449**	**63**	**7**	**19**	**26,500**	**10,123**	**1,568**	**19**	**11,672**	**14,828**	**16,326**

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

(a) Other Adjustments for Property, plant and equipment include Rs. 7 (31.03.2017 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 for facilities enjoyed by MBECL will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain assets of the Company (net written down value as at 31.03.2018 of Rs. 707, 31.03.2017 Rs. 1,067;) comprised in erstwhile Product Division of MBECL.

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

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

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

(b) Pursuant to the Scheme of Arrangement between the Parent Company and McNally Bharat Engineering Company Limited (MBECL), the Holding company, the existing charges on the assets of the erstwhile Products Division of MBECL for facilities enjoyed by MBECL will continue. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of MBECL are secured by assets including certain assets of the Company (net written down value as at 31.03.2017 of Rs. 1067, 31.03.2016 Rs. 1434; 01.04.2015 Rs. 1808)comprised in erstwhile Product Division of MBECL.

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Note 4 CAPITAL WORK-IN-PROGRESS		
Capital work-in-progress	17	17

Note 5 INVESTMENT PROPERTIES [LEASEHOLD LAND]	31-Mar-18	31-Mar-17
Gross carrying amount		
Opening gross carrying amount / Deemed cost	408	408
Additions	-	-
Disposals / Adjustments	-	-
Closing gross carrying amount	**408**	**408**
Accumulated depreciation		
Opening accumulated depreciation	27	24
Depreciation charge	3	3
Adjustment on disposal	-	-
Closing accumulated depreciation	**30**	**27**
Net carrying amount	**378**	**381**

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

	31-Mar-18	31-Mar-17
Rental income (included under Other Income - Note 26)	72	72
Direct operating expenses from property that generated rental income	(5)	(5)
Profit from investment properties before depreciation	**67**	**67**
Depreciation	(3)	(3)
Profit from investment properties	**64**	**64**

(ii) Leasing arrangements

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

(iii) **Fair value**

	31-Mar-18	31-Mar-17
Investment properties	1,525	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, 2018

(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, 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**
Design and Drawings	2,250	-	-	-	2,250	2,146	70	-	2,216	34	104
Computer Software	335	-	-	-	335	334	-	-	334	1	1
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
31 March 2018	**2,605**	**-**	**-**	**-**	**2,605**	**2,500**	**70**	**-**	**2,570**	**35**	**105**

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

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

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Note 7 TRADE RECEIVABLES		
Trade receivables	17,379	16,988
Less: Allowance for doubtful debts	(4,475)	(4,212)
Total receivables	**12,904**	**12,776**
Current portion	11,138	10,423
Non-current portion	1,766	2,353

	31-Mar-18	31-Mar-17
BREAK-UP OF SECURITY DETAILS		
Secured, considered good	-	-
Unsecured, considered good	15,051	15,096
Doubtful	2,328	1,892
Total	**17,379**	**16,988**
Allowance for doubtful debts	(4,475)	(4,212)
Total trade receivables	**12,904**	**12,776**

	31-Mar-18	31-Mar-17
Note 8 CASH AND CASH EQUIVALENTS		
Balances with banks		
- in current accounts	236	440
- in dividend accounts #	2	3
Deposits with maturity of less than three months	163	150
Cash on hand	6	11
Total cash and cash equivalents	**407**	**604**
Amount under lien	40	-

Earmarked for payment of unpaid dividend only.

	31-Mar-18	31-Mar-17
Note 9 OTHER BANK BALANCES		
Bank deposits with original maturity greater than three months and maturing within twelve months	152	522
Total other bank balances	**152**	**522**
Amount under lien	152	-

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 10 OTHER FINANCIAL ASSETS	31-Mar-18 Current	31-Mar-18 Non-current	31-Mar-17 Current	31-Mar-17 Non-current
Unsecured, considered good, unless stated otherwise				
(i) Derivatives				
Foreign-exchange forward contracts	-	-	25	-
(ii) Others				
Recoverable from Director	-	-	3	-
Deposit with Banks having maturity more than twelve months	-	-	-	12
Security deposits - considered good	14	142	13	128
Security deposits - considered doubtful	-	2	-	4
Less: Allowances for doubtful security deposits	-	(2)	-	(4)
Other receivable	35	297	81	261
Unbilled Revenue	183	448	168	393
Interest accrued on deposits with banks	*	-	2	-
Advances to related parties	110	-	110	-
Total other financial assets	**342**	**887**	**402**	**794**

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

Note 11 INVENTORIES [Refer Note 1.9]	31-Mar-18	31-Mar-17
Raw materials	2,334	2,519
Work-in-progress	11,199	11,077
Finished goods	155	63
Stores and spares	744	641
Losse Tools	182	63
Total inventories	**14,614**	**14,363**

Note 12 OTHER CURRENT ASSETS	31-Mar-18	31-Mar-17
Unsecured, considered good, unless stated otherwise		
Balance with Government Authorities	602	823
Advance for goods and services	475	392
Gratuity receivable @	25	25
Others #	266	143
Total other current assets	**1,368**	**1,383**

@ Gratuity Actuarial Valuation - Fair value of plan Asset is more than Present value of obligation.

includes primarily employee advance and prepaid expenses.

Note 13 CURRENT TAX ASSETS (NET)	31-Mar-18	31-Mar-17
Opening balance	198	93
Add : Advance tax paid during year (including tax deducted at source)	228	105
Less : Refund received during the year	(66)	-
Closing balance	**360**	**198**

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 14 OTHER NON-CURRENT ASSETS	31-Mar-18	31-Mar-17
Capital advance	5	5
Total other non-current assets	**5**	**5**

Note 15 DEFERRED TAX ASSET	31-Mar-18	31-Mar-17
Deferred tax asset on account of		
Unabsorbed Tax Depreciation/Loss	4,760	3,731
Items allowable for tax purpose on payment basis	124	157
Allowance for doubtful debts and doubtful advances	678	708
Others	528	531
Total deferred tax assets	**6,090**	**5,127**
Deferred tax liability on account of		
Property, plant and equipment, investment property and intangible assets	(975)	(1,230)
Others	(14)	(31)
Total deferred tax liabilities	**(989)**	**(1,261)**
Net deferred tax asset/(liability)	**5,101**	**3,866**

Significant estimates

The parent company has recognised deferred tax assets on carried forward tax losses. The parent company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the company. The parent company is expected to generate taxable income from 2021-22 onwards.

Movements in deferred tax liabilities

Particulars	Unabsorbed Tax Depreciation/ Loss	Items allowable for tax purpose on payment basis	Allowance for doubtful debts and doubtful advances	Property, plant and equipment, investment property and intangible assets	Others	Total
At 01 April 2016	**1,005**	**99**	**898**	**(1,543)**	**362**	**821**
Charged/(credited):						
- to profit or loss	2,726	39	(190)	313	138	3,026
- to other comprehensive income	-	19	-	-	-	19
At 31 March 2017	**3,731**	**157**	**708**	**(1,230)**	**500**	**3,866**
Charged/(credited):						
- to profit or loss	1,029	(14)	(30)	255	14	1,254
- to other comprehensive income	-	(19)	-	*	-	(19)
At 31 March 2018	**4760**	**124**	**678**	**(975)**	**514**	**5,101**

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

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 16 EQUITY SHARE CAPITAL	31-Mar-18 Number of shares	31-Mar-18 Amount	31-Mar-17 Number of shares	31-Mar-17 Amount
(i) Authorised				
Equity Shares of Rs. 10/- each	50,000,000	5,000	50,000,000	5,000
Preference Shares of Rs. 10/- each	4,000,000	400	4,000,000	400

	31-Mar-18 Number of shares	31-Mar-18 Amount	31-Mar-17 Number of shares	31-Mar-17 Amount
(ii) Issued, Subscribed and Paid up Equity Shares				
Equity Shares of Rs. 10/- each	1,07,89,273	1,079	89,89,273	899
5,255,529 Equity Shares of Rs. 10 each were issued as fully paid up pursuant to a Scheme of Arrangement for consideration other than cash				
Preference Shares				
Compulsurily Convertible Preference Shares of Rs. 10/- each	18,00,000	180	36,00,000	360
(issued for consideration other than cash)				
		1,259		**1,259**

	31-Mar-18 Number of shares	31-Mar-17 Number of shares
(iii) Equity Shares are held by the holding company	85,29,698	67,29,698

	31-Mar-18 Number of shares	31-Mar-18 Amount	31-Mar-17 Number of shares	31-Mar-17 Amount
(iv) Reconciliation of shares				
Equity Shares				
Shares outstanding at the beginning of the year	89,89,273	899	89,89,273	899
Add: Equity shares issued in lieu of conversion	18,00,000	180	-	-
Shares outstanding at the end of the year	**1,07,89,273**	**1,079**	**89,89,273**	**899**
Preference Shares				
Shares outstanding at the beginning of the year	36,00,000	360	-	-
Issued during the year	-	-	36,00,000	360
Less: Conversion in to equity shares	(18,00,000)	(180)	-	-
Shares outstanding at the end of the year	**18,00,000**	**180**	**36,00,000**	**360**

(v) Terms/rights attached to equity shares

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

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

(All amounts in Rs lakhs, unless otherwise stated)

(vi) Terms/rights attached to preference shares

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

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

	31-Mar-18		31-Mar-17	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	85,29,698	79.06	67,29,698	74.86
EIG (Mauritius) Limited	13,40,000	12.42	13,40,000	14.91

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

	31-Mar-18		31-Mar-17	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	18,00,000	100%	36,00,000	100%

(ix) 3,600,000, 1% Compulsorily Convertible Preference Shares (CCPS) having par value of Rs. 10/- each were on issued to McNally Bharat Engineering Company Limited on 31.03.2017 at security premium of Rs 65/- per share. Out of same, 50% has been converted into equity shares on February 7, 2018.

Note 17 RESERVES AND SURPLUS	31-Mar-18	31-Mar-17
Capital reserve	6,663	6,663
Securities premium reserve	5,712	5,712
General reserve	1,520	1,520
Retained earnings	(4,719)	(1,146)
Total reserves and surplus	**9,176**	**12,749**

(i) Capital reserve

	31-Mar-18	31-Mar-17
Opening balance	6,663	6,663
Add / less : Movement during the year	-	-
Closing balance	**6,663**	**6,663**

(ii) Securities premium reserve

	31-Mar-18	31-Mar-17
Opening balance	5,712	3,372
Add / less : Movement during the year [Refer note 16(ix)]	-	2,340
Closing balance	**5,712**	**5,712**

(iii) General reserve

	31-Mar-18	31-Mar-17
Opening balance	1,520	1,520
Appropriations during the year	-	-
Closing balance	**1,520**	**1,520**

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

(iv) Retained earnings

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Opening balance	(1,146)	(1,759)
Net profit / (loss) for the period	(3,616)	656
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	43	(43)
Closing balance	**(4,719)**	**(1,146)**

Nature & Purpose of Other Reserves

(a) Capital Reserve

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

(b) Securities Premium Reserve

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

(c) General Reserve

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

Note 18 NON-CURRENT BORROWINGS	31-Mar-18	31-Mar-17
Secured Loans		
Term Loans		
From Banks	4,739	7,239
From Others	9	11
Total non-current borrowings	**4,748**	**7,250**
Less: Current maturities of long-term debt (included in note 20)	1,630	3,558
Non-current borrowings (as per balance sheet)	**3,118**	**3,692**

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 Nil (31.03.2017 Rs. 849) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.
ii. Year end term loan balance from DBS Bank Ld. of Rs Nil (31.03.2017 Rs. 1,568) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.
iii. Year end term loan balance from ICICI Bank Ltd. of Rs 3,725 (31.03.2017 Rs. 5,000) 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. This facility is also guaranteed by Holding Company.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.

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

(All amounts in Rs lakhs, unless otherwise stated)

iv. Year end term loan balance from DBS Bank Ltd. of Rs 1,000 (31.03.2017 Rs. NIL) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 8 equal quarterly installments of Rs 125 each beginning from 3rd July 2017. Interest is payable at the 13% p.a. on monthly basis.
v. Year end balance of Car Loan (term) from ICICI Bank Ltd Rs. 9 (31.03.2017 Rs. 11) 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.
vi. Year end balance of Car Loan (term) from ICICI Bank Ltd Rs. 14 (31.03.2017 Rs. Nil) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 8.24% p.a.

	31-Mar-18	31-Mar-17
Note 19 CURRENT BORROWINGS		
Secured Loans from Banks		
Loans Repayable on demand #	12,657	12,557
Unsecured Loans		
From Banks	-	981
Inter - corporate deposit	3,995	266
	3,995	**1,247**
Total current borrowings	**16,652**	**13,804**

Nature of Security on Secured Loans availed from Banks

Cash Credit facilities and Working Capital Demand Loans of Rs. 10,845 (31.03.2017 Rs. 10,468) are secured by first pari passu charge on entire current assets of the Parent Company. This facility is also secured by second pari passu charge over the immoveable and moveable fixed assets of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future.

Loans repayable on demand of Rs. 1,812 (31.03.2017 Rs. 2,089) are secured by :

a. State Bank of India : Previous year secured by way of Fixed Deposit pledged with State Bank of India.

b. ICICI Bank Limited : Secured by first charge by way of hypothecation of subsidiary's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of the subsidary.

c. Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited) : Secured by first charge by way of hypothecation of subsidiary's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any.

d. Secured by Corporate Guarantee of McNally Bharat Engineering Limited (MBEL) in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited).

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 20 OTHER FINANCIAL LIABILITIES	31-Mar-18	31-Mar-17
Non Current		
Derivatives Instrument	–	*
Total Non Current	–	*
Current		
Current maturities of long-term debt	1,630	3,558
Interest accrued but not due on Borrowings	-	58
Interest accrued and due on Borrowings	120	362
Temporary overdraft	-	8
Employee benefits payable	417	467
Capital creditors	45	47
Unpaid Dividends	2	3
Liability for Other Expenses $	1,355	1,642
Total Current	**3,569**	**6,145**
Total other financial liabilities	**3,569**	**6,145**

$ includes primarily Creditors for other expenses, corporate guarantee liability and deposit received from suppliers.
* Amount is below rounding off norms adopted by the Group

Note 21 TRADE PAYABLES	31-Mar-18	31-Mar-17
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 41)	108	92
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,950	9,694
Total trade payables	**13,058**	**9,786**
Current portion	13,039	9,733
Non-current portion	19	53

Note 22 PROVISIONS	31-Mar-18	31-Mar-17
Warranty	117	152
Liquidated damages	50	50
Anticipated loss on contracts	109	95
Total	**276**	**297**
Current portion	167	202
Non-current portion	109	95

(i) Information about individual provisions and significant estimates

Warranty

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

The Group offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at 31 March 2018, this particular provision had a carrying amount of Rs 117 (31.03.2017 Rs 152). Were claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 12 higher or lower (31.03.2017 Rs 15 higher or lower).

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

(All amounts in Rs lakhs, unless otherwise stated)

Liquidated damages

The Group has as a matter of abundant caution recorded an accrual for liquidated damages in respect of contracts where there has been a default in providing services on time to customers in terms of deliverables as agreed to in the contracts.

Anticipated loss on contracts

A provision for anticipated loss is recognised where it is probable that the estimated contract costs are likely to exceed the total contract revenue.

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

	Warranty	Liquidated damages	Anticipated loss on contracts
	31-Mar-18	31-Mar-18	31-Mar-18
Balance as at the beginning of the year	152	50	95
Additions	21	-	-
Unwinding of Discount			15
Amount used	(21)		(1)
Amount Reversed	(35)	-	-
Balance as at the end of the year	117	50	109

Note 23 EMPLOYEE BENEFIT OBLIGATIONS	31-Mar-18			31-Mar-17		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefit obligations	267	169	436	314	213	527
Total employee benefit obligations	**267**	**169**	**436**	**314**	**213**	**527**

(i) Post-employment obligations

a) Gratuity

In keeping with the Group's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death/ incapacitation/ termination etc. Also refer Note 1.18 for accounting policy related to gratuity. The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) :

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2016	**763**	**(568)**	**195**
Current service cost	41	-	41
Interest expense/(income)	60	(43)	17
Total amount recognised in profit or loss	**101**	**(43)**	**58**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/ (income)	-	(1)	(1)
(Gain)/loss from change in financial assumptions	18	-	18
Experience (gains)/losses	43	-	43
Total amount recognised in other comprehensive income	**61**	**(1)**	**60**
Employer contributions/premiums paid	-	(54)	(54)
Benefit payments	(146)	146	-
31 March, 2017	**779**	**(520)**	**259**

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

(All amounts in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
1 April, 2017	**779**	**(520)**	**259**
Current service cost	37	-	37
Interest expense/(income)	55	(40)	15
Total amount recognised in profit or loss	**92**	**(40)**	**52**
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	(61)	-	(61)
Total amount recognised in other comprehensive income	**(69)**	**6**	**(63)**
Employer contributions/premiums paid	-	(51)	(51)
Benefit payments	(130)	130	-
31 March 2018	**672**	**(475)**	**197**

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

	31-Mar-18	31-Mar-17
Present value of funded obligations	672	779
Fair value of plan assets	(475)	(520)
Deficit of funded plans	197	259

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

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

Principal Actuarial assumptions used :

	31-Mar-18	31-Mar-17
Discount rate	7.75%	7.50%
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, 2019 is not readily ascertainable.

Expected Payout

The weighted average duration for 2017 -18 of the defined benefit obligation is 10.09 years (March 31, 2017 : 20.68 years). The expected maturity analysis of undiscounted gratuity is as follows :

	31-Mar-18	31-Mar-17
Less than a year	58	34
Between 1 to 2 years	136	178
Between 2 to 5 years	368	355
More than 5 Years	378	336
Total	**940**	**903**

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

(All amounts in Rs lakhs, unless otherwise stated)

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

	31-Mar-18	31-Mar-17
Sensitivity Analysis		
Increase in discount rate by 1%	639	743
Decrease in discount rate by 1%	707	817
Increase in salary escalation by 1%	708	818
Decrease in salary escalation by 1%	638	742
Increase in Withdrawl rate by 1%	678	784
Decrease in Withdrawl rate by 1%	664	772

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 growth risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

b) Provident Fund

"Contributions towards provident funds are recognised as expense for the year. The Group contributes to the provident funds trusts set up by the holding company in respect of certain categories of employees which is administered by Trustees. Both the employees and the Group make monthly contributions to the Funds at specified percentage of the employee's salary to and aggregate contributions along with interest thereon are paid to the employee's/ nominee's at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable to the members of the Trusts is not lower that the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Group.

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

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the balance sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Group as at the Balance Sheet date. Further during the year, the Group's contribution of Rs. 92 (2016-17 Rs. 94) to the Provident Fund Trust has been expensed under the " Contribution to Provident and Other Funds" in Note 29. 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, 2018

(All amounts in Rs lakhs, unless otherwise stated)

Principal Actuarial assumptions used:

	31-Mar-18	31-Mar-17
Discount rate	7.75%	7.70%
Expected Return on Exempted Fund	8.55%	8.65%

(ii) Post Employment Defined Contribution Plan

During the year, an amount of Rs. 70 (2016-17 Rs. 73) has been recognised as expenditure towards defined contribution provident fund of the group.

	31-Mar-18	31-Mar-17
Note 24 OTHER CURRENT LIABILITIES		
Advance received from customers	2,998	2,936
Dues payable to government authorities	856	547
Total other current liabilities	**3,854**	**3,483**
Current portion	3,486	3,133
Non-current portion	368	350

	31-Mar-18	31-Mar-17
Note 25 REVENUE FROM OPERATIONS		
Sale of products (including excise duty)	21,453	26,573
Sale of services	2,283	1,281
Contract Revenue	905	2,167
Other operating revenue	815	1,170
Total revenue from continuing operations	**25,456**	**31,191**

	31-Mar-18	31-Mar-17
Note 26 OTHER INCOME		
Rental income	75	74
Interest income from financial assets at amortised cost	25	637
Net gain on sale of tangible assets (net)	2	-
Provision no longer required written back	257	798
Liability no longer required written back	186	132
Net foreign exchange gain	20	98
Other items	113	88
Total other income	**678**	**1,827**

	31-Mar-18	31-Mar-17
Note 27 COST OF MATERIALS CONSUMED		
Raw materials at the beginning of the year	2,519	2,416
Add: Purchases	10,274	11,066
Less: Raw material at the end of the year	2,334	2,519
Total cost of materials consumed	**10,459**	**10,963**

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Note 28 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS		
Opening balance		
Work-in progress	11,077	11,330
Finished goods	63	44
Total opening balance	**11,140**	**11,374**
Closing balance		
Work-in progress	11,199	11,077
Finished goods	155	63
Total closing balance	**11,354**	**11,140**
Total changes in inventories of work-in-progress and finished goods	(214)	234

	31-Mar-18	31-Mar-17
Note 29 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	3,285	3,428
Contribution to provident and other funds	217	232
Staff welfare expenses	150	179
Total employee benefit expense	**3,652**	**3,839**

	31-Mar-18	31-Mar-17
Note 30 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	1,567	1,553
Depreciation on investment properties	3	3
Amortisation of intangible assets	70	71
Total depreciation and amortisation expense	**1,640**	**1,627**

	31-Mar-18	31-Mar-17
Note 31 OTHER EXPENSES		
Consumption of stores and spares	2,598	2,335
Fabrication and other charges	2,602	2,721
Power	313	308
Repairs and maintenance		
Plant and machinery	16	22
Buildings	54	73
Others	69	72
Professional fees	483	431
Rental charges	74	72
Subscriptions and donations	1	2
Bank charges	17	30
Rates and taxes	37	67
Insurance	107	92
Freight	278	320
Travel and conveyance	513	479
Royalty	31	34
Commission expenses	155	145
Bad debts written off	152	1
Allowance for doubtful debts — trade receivables / other assets	670	399
Provision for warranty	*	25
Net loss on sale of tangible assets (net)	-	2
Miscellaneous expenses (refer note 31 (a) below)	661	752
Total other expenses	**8,831**	**8,382**

* Amount is below rounding off norms adopted by the Group

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 31 (a) **Details of payments to auditors**

	31-Mar-18	31-Mar-17
Payment to auditors		
Audit fee	33	33
Other services	11	9
Total payments to auditors	**44**	**42**

Note 31 (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-18	31-Mar-17
Note 32 FINANCE COSTS		
Interest and finance charges on financial liabilities at amortised cost	3,606	4,072
Other borrowing cost	34	49
Finance costs expensed in profit or loss	**3,640**	**4,121**

Note 33 **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-18	31-Mar-17
(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	(963)	(2,699)
(Decrease) increase in deferred tax liabilities	(272)	(346)
Total deferred tax charge / (credit)	**(1,235)**	**(3,045)**
Income tax expense	**(1,235)**	**(3,045)**

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

	31-Mar-18	31-Mar-17
Profit from continuing operations before income tax expense	(4,870)	(2,354)
Other comprehensive income	62	(62)
	(4,808)	**(2,416)**
Tax at the applicable Indian tax rate	**-**	**-**
Income tax charge on profit of a subsidary	(101)	52
Add : Deferred Tax Asset created for Unabsorbed business loss	(852)	(2,726)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	28	(57)
Disallowance for doubtful debts and doubtful advances	(71)	104
Change in carrying value of assets under Income tax and books	(256)	(315)
Others	17	(103)
Income tax expense	**(1,235)**	**(3,045)**

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Note 34 CONTINGENT LIABILITIES		
(a) Claims against the Group not acknowledged as debts : -		
Excise Duty matters under dispute	2,479	238
Sales Tax and Value Added Tax matters under dispute	3,641	3,478
Income-tax matters	413	81
Other demands related to claims made by certain ex-employees towards employee benefits due to them	137	137
	6,670	**3,934**
(b) Others		
Bills discounted with banks against letter of credit	-	94
Corporate Guarantee to banks on behalf of holding company	5,950	5,950
	5,950	**6,044**
	12,620	**9,978**

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

Note 35 FAIR VALUE MEASUREMENTS

Financial instruments by category

	31 March 2018			31 March 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Trade Receivables	–	–	12,904	–	–	12,776
Cash and Cash Equivalents	–	–	407	–	–	604
Other bank balances	–	–	152	–	–	522
Derivative financial asset	–	–	–	25	–	–
Other financial assets	–	–	1,229	–	–	1,171
Total Financial Assets	**–**	**–**	**14,692**	**25**	**–**	**15,073**
Financial Liabilities						
Borrowings	–	–	19,770	–	–	17,496
Trade payables	–	–	13,058	–	–	9,786
Other financial liabilities	–	–	3,569	–	–	6,145
Total Financial Liabilities	**–**	**–**	**36,397**	**–**	**–**	**33,427**

(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, 2018

(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 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	20	-	-	85	85
Total Financial Liabilities		**-**	**-**	**85**	**85**

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

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial investment at FVPL					
Derivative financial asset	10	-	25	-	25
Total Financial Assets		**-**	**25**	**-**	**25**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 March 2017

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled Revenue	10	-	-	561	561
Total Financial Assets		**-**	**-**	**561**	**561**
Financial Liabilities					
Retention money payable	20	-	-	54	54
Total Financial Liabilities		**-**	**-**	**54**	**54**

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 and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

The carrying amount of financial assets and financial liablities carried at amortised cost are considered to be the same as their fair value, due to their short term nature

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

(All amounts in Rs lakhs, unless otherwise stated)

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

Particulars	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Unbilled revenue	631	609	561	569
Total financial assets	**631**	**609**	**561**	**569**
Financial liabilities				
Retention money payable	85	85	54	54
Total financial liabilities	**85**	**85**	**54**	**54**

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 36 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.

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

(All amounts in Rs lakhs, unless otherwise stated)

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

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

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

(a) Expected credit loss for other financial assets

Particulars		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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
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	1,229	1,171	-	-	-	-	1,229	1,171

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

Particulars (Internal credit rating - VL 3)	As at 31 March 2018		As at 31 March 2017	
	Due for less than six months	Due for more than six months	Due for less than six months	Due for more than six months
Gross carrying amount	8,541	7,082	8,380	7,374
Expected credit losses (loss allowance provision)	783	1,936	781	2,097
Carrying amount of trade receivables	7,758	5,146	7,599	5,277

(iii) Reconciliation of loss allowance provision - Trade Receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Loss allowance on at opening balance sheet date	2,888	3,599
Changes in loss allowance	(169)	(711)
Loss allowance on at closing balance sheet date	2,719	2,888

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 obligation s when due and to close out market positions. Due to dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the group's liquidity management

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

(All amounts in Rs lakhs, unless otherwise stated)

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-18	Mar-17	Mar-18	Mar-17	Mar-18	Mar-17
Derivative financial liabilities	-	-	-	-	-	-
Borrowings	16,652	13,804	3,118	3,692	19,770	17,496
Trade payables	13,020	9,707	38	79	13,058	9,786
Other financial liabilities	3,569	6,144	-	-	3,569	6,144
Total Liability	**33,241**	**29,655**	**3,156**	**3,771**	**36,398**	**33,426**

(C) Market Risk

(i) **Foreign Currency Risk**

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

(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 2018		As at 31 March 2017	
	USD	EURO	USD	EURO
Financial Assets				
Trade Receivables	1	-	1	1
Derivative financial assets	-	-	25	-
	1	**-**	**26**	**1**
Financial Liability				
Foreign currency loan	-	-	13	-
Trade Payable	-	-	-	2
Derivative financial liability	-	-	-	-
	-	**-**	**13**	**2**

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

(All amounts in Rs lakhs, unless otherwise stated)

(b) Sensivity:

Impact on profit

Particulars	As at 31 March 2018		As at 31 March 2017	
	USD	EURO	USD	EURO
Increase by 5% (31 March 2017-5%)*	3	1	(37)	(3)
Decrease by 5% (31 March 2017-5%)*	(3)	(1)	37	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 group to cash flow interest rate risk. During 31 March 2018 and 31 March 2017, the group's borrowings at variable rate were mainly denominated in INR and USD.

The group's fixed rate borrowings are carried at amortised cost. These are therefore not subject to interest rate risk as defined in Ind AS 109, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

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

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate borrowings	17,405	20,552
Fixed rate borrowings	3,995	502

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

(b) Sensivity

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

Particulars	As at 31 March 2018	As at 31 March 2017
Increase in interest rates by 50 basis points (50 bps) *	9	(94)
Decrease in interest rates by 50 basis points (50 bps) *	(9)	94

Holding all other variables constant

Note 37 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 all have not been complied with as at balance sheet date. However, the banks have not withdrawn the facilities.

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 38 ASSETS PLEDGED AS SECURITY

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

Particulars	31-Mar-18	31-Mar-17
Current		
Financial Assets		
Trade Receivables	12,919	12,776
Cash and Cash Equivalents	482	587
Other financial assets	-	442
Non-financial Assets		
Inventories	14,614	14,363
Other current assets	1,180	1,112
Total Current assets	**29,195**	**29,280**
Non-current		
Property, Plant and Equipments	14,112	15,249
Capital work-in-progress	*	*
Investment properties	378	381
Other intangible assets	34	104
Total Non-current assets	**14,524**	**15,734**
Total Assets pledged as security	**43,719**	**45,014**

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

Note 39 EARNINGS PER SHARE

Particulars	31-Mar-18	31-Mar-17
Basic Earning per share		
Net profit/ (loss) after tax	(3,616)	656
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	1,16,02,972	89,89,273
Basic Earning per share (in Rs)	**(31.16)**	**7.30**
Diluted Earning per share		
Net profit/ (loss) after tax	(3,616)	656
Dividend paid / payable to Preference Share holders (including tax thereon)		
Net profit/ (loss)	**(3,616)**	**656**
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	1,16,02,972	89,99,136
Diluted Earning per share (in Rs)	**(31.16)**	**7.29**
Weighted average number of shares used as the denominator		
Weighted average number of equity share at the beginning of the year	89,89,273	89,89,273
Weighted average number of equity share issued during the year	26,13,699	-
Compulsorily Convertible Preference shares issued on 31 March 2017 *	36,00,000	36,00,000
Weighted average number of equity share at the end of the year	1,16,02,972	89,99,136

* Compulsory Convertible Prefernce Shares has not been considered for Diluted Earning per Share in 2017-18 being anti dilutive in nature

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

(All amounts in Rs lakhs, unless otherwise stated)

	31-Mar-18	31-Mar-17
Note 40 COMMITMENTS		
(a) Capital Commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:	40	40

(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. 62 (31.03.2017 : Rs. 60) paid/payable are charged as Rent under Other Expenses.

	31-Mar-18	31-Mar-17
Note 41 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	108	92
Interest	10	24
(ii) The amount of interest paid in terms of section 16 of MSMED Act along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	-	80
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act		
Principal	-	32
Interest	10	10
(iv) The amount of interest accrued and remaining unpaid at the end of the year [including Rs. 10 lakhs (31.03.2017 Rs. 7 lakhs) being interest outstanding as at the beginning of the accounting year]	17	50
(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	29	25

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 42 Revenue Expenditure on Research and Development of Rs. 47 (31.03.2017 Rs. 49)

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

(All amounts in Rs lakhs, unless otherwise stated)

Note 43 The Company is primarily engaged in a single business segment, viz. "manufacturing and designing of engineering products" and predominantly operates in one Geographical segment. Hence, in the opinion of the Chief Operating decison maker as defined under Note 1, the Company's operation comprises of only one reporting segment . Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting"

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

Particulars	31-Mar-18	31-Mar-17
Revenue from Customers		
- India	25,188	31,092
- Outside India	268	99
Non-current assets		
- India	15,241	16,812
- Outside India	-	-

Revenue for the year from couple of external customer is approximately 18% (2016-17 : 19%)

Note 44 RELATED PARTY TRANSACTIONS

a) Where control exists
   i) Holding Company
      McNally Bharat Engineering Company Limited (MBECL)

b) Others
   i) Subsidiary
      MBE Coal & Mineral Technologies India Private Limited (MCMTI)
   ii) Fellow subsidiaries
      McNally Bharat Equipments Limited #
      McNally Bharat Infrastructure Limited (MBIL) $
      MBE Mineral Technologies Pte Limited #
      MBE Minerals Zambia Ltd #
      McNally Bharat Engineering (SA) Proprietary Ltd. # (derigistered at South Africa on 30.6.2017)
      Vedica Sanjeevani Projects Private Limited #
   iii) Entities having significant influence over the Holding Company
      EMC Limited #
      Williamson Magor & Company Limited #
   iv) Post employment benefit plan of the Company
      McNally Bharat Executive Staff Gratuity Fund (MBESGF)
      McNally Bharat Employees Provident Fund (MBEPF)
   v) Key management personnel
      - Mr. P K Tibdewal – Whole time Director [wef November 1, 2017]
      - Mr. Subir Chaki – Whole time Director [upto September 30, 2017]
      - Mr. Uttam Tekriwal – Chief Financial Officer
      - Mr. Heath Brian Zarin – Non-Executive Director
      - Mr. Padam Kumar Khaitan – Non-Executive Director
      - Mr. Brij Bhusan – Non-Executive Director
      - Mrs. Tehnaz Punwani – Non-Executive Director
      - Mr. Arunabha Acharya – Company Secretary (upto February 26, 2018)
      - Mr. Saikat Ghosh – Company Secretary (wef March 5, 2018)
   vi) Key management personnel of Holding Company
      - Mr. Srinivash Singh – Managing Director
      - Mr. Prabir Kumar Ghosh – Whole Time Director [upto August 31, 2017]
      - Mr. Prashanta Kumar Chandra – Whole Time Director & COO [upto August 31, 2017]

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

(All amounts in Rs lakhs, unless otherwise stated)

- Mr. Lalit Khaitan – 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-18	31-Mar-17
Sale of Products and Services - MBECL	3,590	4,906
Sale of Products and Services - MCMT	40	3
Sale of Products and Services - MBIL	-	390
Services Rendered - MCMT	-	46
Purchase of services - MBECL	611	-
Purchase of goods and services - MCMT	4	2
Services Received - MCMT	-	7
Corporate Guarantee given - MBECL	-	5,950
Rental Income - MBECL	72	72
Other Income - MBECL	-	575
Expenses reimbursed - MBECL	1	583
Reimbursement availed - MCMT	2	1
Rental and Other Charges - MBECL	24	70
Loan given - MBECL	-	2
Loan recovered - MBECL	-	2,128
Purchase of shares - MBECL	-	46
Issue of Preferential Shares - MBECL	-	2,707
Issue of Equity Shares - MBECL	180	-
Remuneration paid to key management personnel	142	142
Contribution to Fund - MBESGF	46	99
Contribution to Fund - MBEPF	115	117

(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	1,217	1,367
MCMTGH	106	50
Trade Payables		
MBECL	3,329	705
MCMTGH	14	31
Outstanding Compulsorily Convertibe Preference Shares		
MBECL	1,350	2,700
Outstanding Corporate Guarantee Given		
MBECL	5,950	5,950
Outstanding Corporate Guarantee Received		
MBECL	6,496	6,496
Key management personnel		
Advance Outstanding	-	3
Payables	9	20

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

(All amounts in Rs lakhs, unless otherwise stated)

Notes :

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the 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 and includes current service cost for key managerial personal calculated as per Ind AS 19 through acturial valuation for 2017-18 amounting to Rs. 1 lakhs (2016-17 : Rs. 5 lakhs).

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

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

Note 45 DISCLOSURE OF RECOVERY OR SETTLEMENT OF ASSETS AND LIABILITIES

Particulars	31 March 2018		31 March 2017	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
ASSETS				
Non-current assets				
Property, plant and equipment	-	14,828	-	16,326
Capital work-in-progress	-	17	-	17
Investment properties	-	378	-	381
Other intangible assets	-	35	-	105
Financial assets				
Trade receivables	-	1,766	-	2,353
Other financial assets	-	887	-	794
Deferred tax assets		5,101		3,866
Other non-current assets	5	-	5	
Current assets				
Inventories	14,614	-	14,363	-
Financial assets				
Trade receivables	11,138	-	10,423	-
Cash and cash equivalents	407	-	604	-
Bank balances other than above	152	-	522	-
Other financial assets	342	-	402	-
Current Tax Assets (Net)	360	-	198	-
Other current assets	1,368	-	1,383	-
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	-	3,118	-	3,692
Trade payables	-	19	-	53
Other financial liabilities	-	-	-	*
Provisions	-	109	-	95
Employee benefit obligations	-	169	-	213
Other non-current liabilities	-	368	-	350
Current liabilities				
Financial Liabilities				
Borrowings	16,652	-	13,804	-
Trade payables	13,020	19	9,705	28

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

(All amounts in Rs lakhs, unless otherwise stated)

Other financial liabilities	3,569	-	6,145	-
Provisions	167	-	202	-
Employee benefit obligations	267	-	314	-
Other current liabilities	3,486	-	3,133	-

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

Note 46

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	93%	9,672	95%	(3,422)
Subsidiary				
MBE Coal & Mineral Technology India Private Limited	7%	763	5%	(194)
TOTAL	**100%**	**10,435**	**100%**	**(3,617)**

Note 47

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

Particular	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	10	6	16
Add : Permitted receipts	-	39	39
Less : Permitted payments	-	37	37
Less : Amount deposited in banks	10	-	10
Closing cash in hand as on December 30, 2016	**-**	**8**	**8**

Note 48

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

Note 49

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Particular	31-Mar-18	31-Mar-17
(i) Contract revenue recognized for the year	904	2,167
(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.	16,336	15,378
(iii) Amount of customer advances outstanding for contracts in progress	720	725
(iv) Amount retained by customers for contracts in progress	982	1,163

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

Note 50

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 115, 'Revenue from Contracts with Customers'. The amendment is applicable to the Company from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Note 51

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

For **LOVELOCK & LEWES**
Firm Registration Number : 301056E
Chartered Accountants

Sunit Kumar Basu
Partner
Membership Number : 55000

Place : Kolkata
Date : 29th May, 2018

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

Shareholder Instructions for E-Voting

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on 21.09.2018 at 9.00 A.M and ends on 24.09.2018 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 (record date) of 18.09.2018 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.

Shareholder Instructions for E-Voting

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) 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.

NOTES

MCNALLY SAYAJI ENGINEERING LIMITED

Corporate Identity Number (CIN): L28999WB1943PLC133247
Registered Office: 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India
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 74th Annual General Meeting to be held on Tuesday 25th September, 2018 at 11.00 A.M at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata- 700156.

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: 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India
Tel: +9133-6628 2280, Fax No: +9133 6628 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 74th Annual General Meeting of the company to be held on Tuesday the 25th September, 2018 at 11:00 A. M at Ecospace, Campus 2B, 11F/12, New Town, Rajarhat, Kolkata- 700156, 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. Aditya Khaitan (DIN: 00023788) who retires by rotation and being eligible offers himself for reappointment.
3.	Appoint M/s Deloitte Haskins &Sells LLP as statutory auditors of the company.
Special Business	
4.	Re-appointment of Mr.Padam Kumar Khaitan (DIN 00019700) as Independent Director.
5.	Appointment of Mr.Pradip Kumar Tibdewal ((DIN 07977787) as Whole Time Director.
6.	Ratification of remuneration payable to the Cost Auditor.
7.	Approval of Transactions with Related Party.

Signed this ________day of ________, 2018

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 74th Annual General Meeting dated 14th August 2018.

McNally Sayaji Engineering Limited
Ecospace Business Park, Campus-2B, 4th Floor
11F/12, Rajarhat, New Town
Kolkata - 700 156

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