

# McNally Sayaji Engineering Limited

**ANNUAL REPORT  
2019-20**



McNally Sagaji Engineering Limited

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2019-20

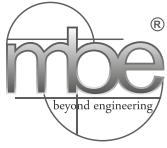


This Annual Report is available online at [www.mcnallysayaji.com](http://www.mcnallysayaji.com)

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## Corporate Information



### **MCNALLY SAYAJI ENGINEERING LIMITED**

CIN: L28999WB1943PLC133247

#### **Board of Directors**

Mr. Aditya Khaitan- Non Executive Non Independent Director  
Mr. Kasturi Roy Choudhury - Non Executive Independent Director  
Mr. Nilotpal Roy - Non Executive Independent Director  
Mr. Srinivash Singh - Non Executive Non Independent Director  
Mr. Pradip Kumar Tibdewal - Whole Time Director - UPTO 31.10.2020

#### **Chief Financial Officer**

Mr. Uttam Tekriwal - UPTO 15.07.2020  
Mr. Purajit Roy - WEF 15.07.2020

#### **Company Secretary**

Mr. Saikat Ghosh

#### **Statutory Auditors**

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

#### **Registered & Corporate Office**

Ecospace, Campus 2B, 11F/12  
New Town , Rajarhat  
Kolkata - 700160, West Bengal  
T: +9133 3014 1213  
E: mse.corp@mbecl.co.in  
W: <http://www.mcnallysayaji.com/>

#### **Registrar & Share Transfer Agent**

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

## Notice

NOTICE is hereby given that the Seventy Sixth Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on 21<sup>st</sup> December 2020, at 11:00 a.m IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) 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, 2020, 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, 2020, 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.

### Special Business:

3. **Continuation of directorship of Mr. Srinivash Singh (DIN 00789624), Non Executive Non Independent Director in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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

“**RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the applicable provisions of the Companies Act, 2013 and relevant Rules framed thereunder (including any statutory modification(s) / amendment(s) / re-enactment(s) thereto), approval of the Members be and is hereby accorded to the continuation of directorship of Mr. Srinivash Singh (DIN 00789624), beyond 75 years, as a 'Non-Executive, Non-Independent Director' of the Company, liable to retire by rotation.”

4. **Ratification of remuneration payable to the Cost Auditor:**

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

“**RESOLVED THAT** in terms of Section 148 of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditors namely, M/S Biswajit & Associates, for conducting Audit of Cost Accounting records maintained by the Company as applicable, for the year ending 31st March, 2020, as approved by the Board of Directors based on the recommendations of the Audit Committee, the details of which are given in the Explanatory Statement in respect of this item of business, be and is hereby ratified.”

## Notice

### 5. Approval of Transactions with Related Party:

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

**“RESOLVED THAT** pursuant to section 188 and other applicable provisions of the Companies Act, 2013, (“the Act”) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the shareholders be and is hereby accorded to the Board of Directors to enter into contract(s)/ arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited (“MBECL”), the holding company of this company and a related party within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, upto a maximum amount of Rs. 200 crore for the financial year 2020-2021 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: November 10, 2020

**Saikat Ghosh**  
*Company Secretary*

**Notes**

- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- In terms of first proviso of sub section 1 of section 96 of the Companies Act, 2013 other than the first Annual General Meeting the Annual General Meeting of every company must be held within a period of 6 months from close of each financial year. But due to representation received from several companies explaining the various difficulties being faced by them on account of Covid-19 pandemic the Registrar of Companies(ROC), Kolkata has extended the due date for holding of Annual General Meeting for the financial year ended 31.03.2020 by three months from such due date for all companies within its jurisdiction vide its office order ROC/WB/Admn/2020/2717 dated 08-09-2020. Therefore, the Seventy Sixth Annual General Meeting of the company is being held in accordance with such office order of the ROC, Kolkata.
- 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.
- The brief profile of the Directors seeking re-appointment including relevant particulars relating to them is furnished as a part of the Notice as Annexure I and in Explanatory Statement, as required under Regulation 26 and 36 of Listing Regulations.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com) with a copy marked to [helpdesk.evoting@cDSL.com](mailto:helpdesk.evoting@cDSL.com).
- The Company is providing the facility of remote electronic voting and also the facility of voting to the Members who are attending the AGM through VC/OAVM and the details are set out in the Annexure II which is forming a part of the notice.
- The voting rights for the shares are one vote per equity share registered in the name of the shareholders/beneficial owners as of cut-off date of 14<sup>th</sup> December, 2020

## Notice

- In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- The Register of Members and Share Transfer Books of the Company will remain closed from 15th December, 2020 to 21<sup>st</sup> December, 2020 (both days inclusive).
- Those members who wish to inspect the relevant documents referred to in the accompanying notice and the Explanatory Statement may send a request to saikat.ghosh2@mbecl.co.in and the eligible documents shall be provided to those members upto the date of the AGM.
- The Register of Directors and Key Managerial Personnel and their shareholding as maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the AGM in electronic mode.
- 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 Members can join the AGM 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in Annexure II of the notice.
- The shareholders of the company who had not encashed their Dividend Warrant(s) and on which dividend remained unclaimed for 7 consecutive years was transferred to IEPF in terms of section 124 of the Companies Act, 2013 and the applicable Rules made thereunder.
- Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred such shares which were liable to be transferred in accordance with such rules and in respect of which dividend, has not been claimed, to the Demat Account of the IEPF Authority.
- The company had communicated individually to the concerned shareholders whose shares were liable to be transferred to the Demat Account of IEPF Authority at their last recorded address with the company for taking appropriate action.
- The shareholders whose shares have been transferred to IEPF Authority may claim the shares from the authority by making an application in e form IEPF 5.

## Notice

- SEBI had amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by its notification dated 8th June, 2018 providing that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a Depository. In view of the above, the Shareholders holding shares of the Company in physical mode are requested to get their shares dematerialized at an early date.
- The Shareholders are requested to send directly all documents 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, 5<sup>th</sup> Floor  
Kolkata – 700001

- In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.mcnallysayaji.com](http://www.mcnallysayaji.com), website of the Stock Exchange i.e. Metropolitan Stock Exchange of India Limited at [www.msei.com](http://www.msei.com) and on the website of Central Depository Services (India) Limited at [www.evotingindia.com](http://www.evotingindia.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.
- Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.



**Annexure I**

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:

<b>Name</b>	Mr. Srinivash Singh
<b>DIN</b>	00789624
<b>Date of Birth</b>	18.02.1946
<b>Qualifications</b>	B.Com (Hons.), ACS, CMA, LLB
<b>Expertise</b>	Mr. Singh brings in more than four and half decades of experience in successfully managing EPC projects in the country, besides running large manufacturing units. Mr. Srinivash Singh has earned his laurels as an entrepreneur in the EPC universe the hard way. With over forty-seven years of hands-on experience in implementation of projects he has developed an uncanny insight into the basic requirements of any project. He inspired the team of Engineers & Technical experts to deliver on time every time. He has deep insights on and hands on experience in the EPC sector. He is also the Managing Director of the holding company, McNally Bharat Engineering Company Limited.
<b>Details of Remuneration sought to be paid</b>	He is eligible to receive sitting fees, if any.
<b>Remuneration last drawn</b>	N.A
<b>Date of first appointment on the Board</b>	Mr. Srinivash Singh was appointed as an Additional Director on 11.08.2017. In terms of Section 152(6) of the Companies Act, 2013, he is liable to retire by rotation. Mr. Singh shall attain the age of 75 years in February 2021 and in order to continue his directorship in terms of regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a special resolution is proposed to be passed.
<b>Number of Board Meetings attended</b>	3
<b>Relationship with other Directors/ KMP of the Company</b>	None
<b>Other Directorships, Membership/ Chairmanship of Committees of other Boards of Indian Companies (as at 31.03.2020)</b>	Directorship with position Listed Companies:  McNally Bharat Engineering Company Ltd. Member-Audit Committee Member – Stakeholders Relationship Committee
<b>Shareholding in the Company</b>	Nil



<b>Name</b>	Mr. Aditya Khaitan																				
<b>DIN</b>	00023788																				
<b>Date of Birth</b>	30.01.1968																				
<b>Qualifications</b>	B.Com (Hons.)																				
<b>Expertise</b>	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.																				
<b>Details of Remuneration sought to be paid</b>	He is eligible to receive sitting fees, if any.																				
<b>Remuneration last drawn</b>	N.A																				
<b>Date of first appointment on the Board</b>	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.																				
<b>Number of Board Meetings attended</b>	1																				
<b>Relationship with other Directors/ KMP of the Company</b>	None																				
<b>Other Directorships, Membership/ Chairmanship of Committees of other Boards of Indian Companies (as at 31.03.2020)</b>	<p>Directorship with position Listed Companies:</p> <table> <tr> <td>McLeod Russel India Ltd</td> <td>Member-Audit Committee</td> </tr> <tr> <td>Williamson Magor &amp; Co. Ltd</td> <td></td> </tr> <tr> <td>Williamson Financial Services Ltd.</td> <td></td> </tr> <tr> <td>McNally Bharat Engineering Company Ltd.</td> <td></td> </tr> <tr> <td>Eveready Industries India Limited</td> <td></td> </tr> <tr> <td>Kilburn Engineering Limited</td> <td></td> </tr> </table> <p>Unlisted Companies:</p> <table> <tr> <td>Babcock Borsig Ltd.</td> <td>Member Audit Comiittee</td> </tr> <tr> <td>Royal Calcutta Golf Club</td> <td></td> </tr> <tr> <td>Prana Lifestyle Pvt Ltd.</td> <td></td> </tr> <tr> <td>D1 Williamson Magor Bio Fuel Ltd.</td> <td>Chairman- Audit Comiittee</td> </tr> </table>	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		Babcock Borsig Ltd.	Member Audit Comiittee	Royal Calcutta Golf Club		Prana Lifestyle Pvt Ltd.		D1 Williamson Magor Bio Fuel Ltd.	Chairman- Audit Comiittee
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<b>Shareholding in the Company</b>	Nil																				

**ANNEXURE II****I INSTRUCTIONS FOR REMOTE E VOTING AND JOINING THE AGM ARE AS FOLLOWS:****THE INTRUCTIONS FOR SHARE HOLDRES FOR REMOTE E-VOTING ARE AS UNDER:**

- (I) The voting period begins on 17.12.2020 at 9.00 A.M and ends on 20.12.2020 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14.12.2020 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](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- OR
- Alternatively, if you are registered for CDSL's EASI / EASIEST e-services, you can log-in at <https://www.cdslindia.com> from [Login-Myeasi](#) using your login credentials. Once you successfully log-in to CDSL's EASI / EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- (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](http://www.evotingindia.com) and voted on an earlier e-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:

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).  Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details <b>OR</b> 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 (v).



## Notice

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant < McNally Sayaji Engineering Limited > on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- (xx) **Note for Non – Individual Shareholders and Custodians**

## Notice

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at the email address [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxi) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

(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.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **RTA email id - mdpldc@yahoo.com**

2. For Demat shareholders please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **RTA email id - mdpldc@yahoo.com**



## Notice

### INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

## Notice

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

#### **Item No.3**

At the Seventy Fifth Annual General Meeting of the Members of the Company held on 25th September, 2019, Mr. Srinivash Singh was reappointed as Non-executive Non Independent Director liable to retire by rotation. At the time of the reappointment his age was 73 years. SEBI has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") vide circular dated 9th May, 2018 which require re-appointment/ continuance of any Non-Executive Director who has attained the age of 75 years to be approved by the shareholders by way of a Special Resolution. Mr. Srinivash Singh can hold office as director upto the date of 77th Annual General Meeting under the erstwhile resolution. However, since he shall attain the age of 75 years during this term of reappointment, a Special Resolution is required to be passed to enable him to continue as director liable to retire by rotation till the date of Seventy Seventh Annual General Meeting. Mr. Srinivash Singh effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board. His diverse experience and knowledge of EPC sector and economy in general is immensely useful to the company for taking important policy decisions. The Board considers that his continued association would be of immense benefit to the Company.

Accordingly, consent of the Members is being sought for passing a Special Resolution as set out in Item No.3 of the of the Notice.

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

Except Mr. Srinivash Singh, 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. 3

#### **Item No. 4**

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, 2021. 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 2020-21 at a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only).

## Notice

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.4 of the of the Notice for approval of the remuneration payable to the Cost Auditor of the Company for the financial year ending March 31,2021.

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.5.

### Item No. 5

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 2020-2021 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.



## Notice

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

<b>Name of the related party</b>	: McNally Bharat Engineering Company Limited (Holding Company)
<b>Name of the Director or Key Managerial Personnel who is related</b>	: Mr. Aditya Khaitan and Mr. Srinivash Singh
<b>Nature of Relationship</b>	: Chairperson and the Managing Director of McNally Bharat Engineering Company Limited respectively.
<b>Nature, material terms, monetary value and particulars of the contract or arrangement</b>	: 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. 200 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 July 15, 2020.

The Board of Directors recommends the passing of the Special Resolution contained in Item No. 5 of the accompanying Notice.

Except Mr. Aditya Khaitan and Mr. Srinivash Singh, who are the Chairperson and the Managing Director of MBECL respectively, none of the Director and the Key Managerial Personnel or their Relatives is concerned or interested in the Resolution set out at item no.5 .

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

Place: Kolkata  
Date: November 10, 2020

**Saikat Ghosh**  
Company Secretary

## DIRECTORS' REPORT

*Dear Shareholders,*

Your Directors take great pleasure in presenting the Directors' Report for the year ended March 31, 2020.

### Financial Highlights

The Company's financial performance for the year ended March 31, 2020 is summarized below:

	(Rupees in Lakhs)	
	2019-20	2018-19
Revenue from Operations	14,229	21,857
Other Income	500	1,023
Total Income	14,729	22,880
Finance Costs	448	3,338
Depreciation and amortization expenses	792	1,247
Profit / (Loss) before Tax & Exceptional Items	(682)	(1,814)
Exceptional items	-	(2,591)
Profit / (Loss) before Tax	(682)	(4,405)
Tax Expenses	-	(1150)
Profit/ (Loss) after Tax	(682)	(3,255)

### COVID-19

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) had declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID-19 is significantly impacting business operations of the Company, by way of interruption in the project activities, supply chain disruption, limited availability of human resource etc. The Company is closely monitoring the situation and the operations have been resumed in a phased manner considering directives from the GOI. The Company has evaluated its liquidity position and recoverability and carrying value of its Non-current and Current assets and has concluded that no material adjustments are required currently at this stage.

### State of Company's Affairs and Review of Operations

The Financial year 2019-20 has been very challenging for your company. Insufficient orders in hand at the beginning of the financial year, unprecedented slowdown of economy and impact of Covid-19 pandemic in Q4, including, non availability of working capital and increased interest burden have adversely impacted both Revenue and Profitability of the company.

The total income for the financial year under review was Rs.147.29 crores as against Rs.228.80 crores for the previous financial year. The sales for the financial year declined marginally as compared to the previous financial year. Interest expense on Bank Borrowings amounting to Rs. 26.78 crores and Rs. 6.31 crores on Inter – Corporate Borrowings for the financial year under review have not been recognised. The profit/(loss) before tax was Rs.(6.82) crores as against Rs (44.05) crores for the previous financial year. In view of expected infusion of fresh funds by the



## Directors' Report

promoters/investors and the lenders support on the debt restructuring proposal, there will be adequate future taxable profits available to the company against which the Deferred Tax Assets can be utilized, however, based on the conservative approach, Deferred Tax Assets for the financial year under review has not been recognised. Hence, the Profit/(loss) after tax for the financial year under review was also Rs (6.82) crores as against Rs (32.55) crores for the previous financial year.

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

The huge potential opportunities in front of your company shall provide an enviable platform to come out of financial difficulties. Govt. of India has taken some extremely encouraging steps to jump start the economy. One such major initiative the Gol has acted upon is making India Atma Nirbhar with focus on defense and infrastructure sector especially mining and railway sector. The above initiative of Gol indeed opens new vistas of business opportunities for your Company to have confidence of strong order book in the near future. To enumerate a few initiatives of the Gol vis-à-vis opportunities for your company, the following may be mentioned:

- i. Aatmanirbhar Bharat Abhiyan with big thrust to self-reliance in **defense sector** shall give a big boost to the Company's future business prospects; a lot more localization thrust across the products of army, navy and air force besides police and para military forces.
- ii. Global tenders above Rs. 200 Crores would be disallowed in **Govt. procurement tenders**.
- iii. The Company will stand to benefit in a large manner due to enhancement of private investment in mineral sector, **mining** and processing of minerals, particularly aluminum and coal.
- iv. Big thrust in privatizing manufacture of **railway** engines especially electric locomotives.

Considering the eligibility qualification, strong market reputation and timely execution ability, your company is confident that it will be able to ride the wave of new developments through participation.

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

### Going Concern Status

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

### Material Changes and commitments

No change has taken place in the nature of business of the Company during the year under review. No material changes and commitments affecting the financial position of the Company occurred between the financial year-end i.e. March 31, 2020 and the date of this report.

## Directors' Report

### Dividend

Due to inadequacy of profits, your Directors do not recommend any dividend for the financial year ended March 31, 2020.

### Transfer to Reserves

No amount has been transferred to the General Reserves of your Company at the financial year ended March 31, 2020.

### Share Capital

There was no change in the paid share capital of the company during the Year ended March 31, 2020. The paid up equity share of the company stood at 12,589,273 Equity Shares of Rs.10/- each.

### Deposits

During the financial year ended March 31, 2020 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, 2020, 69.96 % of the Company's total paid up capital representing 88,08,073 shares are in dematerialised form. SEBI has prohibited transfer of shares in physical form. In view of numerous advantages offered by the depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail the facility of dematerialisation from either of the depositories.

### Transfer to Investor Education & Protection Fund

Pursuant to SEBI circular dated April 20, 2018, the Company had sent communications to members whose dividends are unclaimed requesting them to provide/update bank details with the RTA/Company, so that dividends, if any paid by the Company are credited to the investor's account on time.

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

### Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013

The particulars of loans, guarantee or investment made under Section 186 of the Companies Act, 2013 are furnished in the Notes to the Financial Statements for the year ended March 31, 2020.

### Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review as required under the Listing Agreement with the Metropolitan Stock Exchange of India is enclosed to this report as a separate Annexure. Certain statements in this section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

## Directors' Report

### Subsidiaries, Associates and Joint Venture Companies

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

(All amounts in Rupees lakhs, unless otherwise stated)

Name of Subsidiary Company	MBE Coal & Mineral Technology India Pvt Ltd.
The date since which subsidiary was acquired	30th December, 2015
Reporting Currency	INR
Equity Share Capital	34.93
Other Equity	224.17
Total Assets	5953.31
Total Liabilities	5694.21
Investments	-
Revenue from Operations / Total Income	3978.71
Profit Before Taxation	4.31
Provision for Taxation	(25.22)
Profit After Taxation	29.53
Other Comprehensive Income	(8.29)
Total Comprehensive Income	(8.29)
Proposed Dividend	Nil
% of Shareholding	100%

### Promoters

In accordance with request put forward by EMC Limited and after obtaining shareholder's approval at the 75th Annual General Meeting an application was made before the Metropolitan Stock Exchange of India to reclassify them from 'Promoter & Promoter Group Category' to 'Public Category'. It was subsequently approved by the stock exchange. Therefore, McNally Bharat Engineering Company Limited remains the holding company of your company and Williamson Magor & Co. Limited continue to be the remaining Promoters of the Company.

### Directors and Key Managerial Personnel

Mr. Srinivash Singh, Non Executive Director shall attain the age 75 years in February 2021. In order to ensure continuity of office of Mr. Singh shareholders approval is being sought pursuant to regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements (Regulations), 2015 at the forthcoming Annual General Meeting .

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

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

## Directors' Report

Mr. Niloptal Roy and Mrs. Kasturi Roy Choudhury were appointed by the Board as additional directors at its meeting held on 29.05.2019 which was subsequently approved at the 75th Annual General Meeting and they shall continue as independent directors of the Company for a period of 5 years to hold office till the conclusion of the eightieth Annual General Meeting.

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

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

### **Pursuant to the provisions of section 203 of the Companies Act,2013 the Key managerial Personnel of the company as on March 31,2020 are:**

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

Mr. Pradip Kumar Tibdewal served as Whole Time Director till expiry of his term on 31.10.2020 on which date he relinquished his office.

Mr.Purajit Roy assumed the responsibilities of Chief Financial Officer and Mr.Uttam Tekriwal relinquished such position with effect from 15.07.2020.

### **Meetings of the Board of Directors**

During the year, four Board Meetings were held on May 29, 2019 (adjourned and concluded on May 30,2019), August 14, 2019, November 14, 2019 and February 12, 2020 (adjourned and concluded on February 13,2020). 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 during the financial year consisted of Mr. Niloptal Roy, Mrs.Kasturi Roy Choudhury and Mr. Pradip Kumar Tibdewal.

Mr. Srinivash Singh was inducted into the committee as a member on 13.10.2020 and upon completion of his term as Whole Time Director Mr. Pradip Kumar Tibdewal relinquished the membership of the audit committee on 31.10.2020.The meetings of the committee are chaired by Mr. Niloptal Roy, a Non-Executive Independent Director.

## Directors' Report

### **Nomination and Remuneration Committee**

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

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

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

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

The aims, objectives and principles of remuneration policy are:

1. The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management 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.
2. The compensation structure should be simple and not have multiple components.
3. The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
4. The remuneration policy shall 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.

### **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)© 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, 2020, 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;

## Directors' Report

- (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. The management have taken proactive steps in view of the downturn of the infrastructure and core sectors and have also reduced dependence on its holding company who are also facing financial stress. The management has taken adequate steps within their control to ensure that no material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in our internal financial controls during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

### Risk Management Policy

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

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

### Disclosure under sexual harassment act

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



## Directors' Report

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

### Qualification :

The Company has been categorized as Non-Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on their debts. The Company has not recognised interest expense on Bank borrowings amounting to Rs. 2,678 Lakhs and Rs. 631 Lakhs on Inter-Corporate Borrowings, for the financial year ended 31st March, 2020.

### Statutory Auditors

At the seventy fifth Annual General Meeting of the company V. Singhi & Associates, Chartered Accountants, Kolkata (Firm Registration No 311017E) were appointed as statutory auditors of the company in accordance with provisions of section 139 of the Companies Act, 2013 by the members for a term of consecutive five years till the conclusion of the eightieth Annual General Meeting of the company.

## 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, 2020, 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 shall ensure appropriate steps are taken for rectifications of qualification or reservation or adverse remark or disclaimer made by the Secretarial Auditor in the Report.

### Secretarial Standards

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

### Cost Auditor

The Company is maintaining the accounts and cost records as required under the provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof. M/s Biswajit & Associates has been appointed as Cost Auditors of the Company for the Financial Year 2020-21.

### 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

Date: November 10, 2020

**Srinivash Singh**  
*Director*

**Kasturi Roy Choudhury**  
*Director*



## Annexure A

Information under the provisions of Companies (Accounts) Rules, 2014, forming part of the Directors' Report for the year ended March 31, 2020

### 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 12,06,864 Units out of which captive consumption by the Company was 6,14,898 Units. The Company has also installed a wind mill at village Sadodar near Jamnagar Dist., having 800 KVA capacity which generated 11,75,668 Units. These resulted in revenue income of Rs. 85 lakh during the year.

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

There is nothing substantial to report.

### B. Research and Development (R&D)

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

- a) Improvement of sand washing plant
- b) Development of low cost filter for sand application
- c) Development of 5.2m dia. x 10m long Ball Mill- Design analysis from CMERI
- d) Development of Scraper chain conveyor for Apron Feeder.
- e) Development of Box Feeder- for FGD
- f) Development of Hammer mill 1300 mm diameter & 800 mm wide.
- g) Modification of vibrating screen feeder (VSF) 1200 mm wide x 3000 mm long to use in FGD projects.
- h) Continuous improvement of existing product line

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

Following are the major benefits from R&D efforts :

- a) Improvement resolves to overcome shortcomings of earlier version of the product
- b) Scope of securing order is widening
- c) Increased sales due to product improvements and introduction of new products.
- d) Reduction in cost
- e) Achieving customers' satisfaction and new business opportunities

#### 3. Future Plan of Action:

- a) Continuous development to minimize overall cost.
- b) Exploring substitution of imported equipment and component

## Annexure A

- c) Exploring means towards easy maintenance of equipment at customer end.
- d) Manufacturing of defence equipment
- e) Developing manufacturing facility of Bougie Frames for railway engines.
- f) Expansion of Research & Developmental activities through initiatives of bringing in advanced technology and associating with academic research bodies globally.

#### 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.

#### 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, 2020	For the Year ended 31st March, 2019
1) Foreign Exchange Earned	81	70
2) CIF Value of Import	164	118
3) Expenditure in Foreign Currency - Travelling & Royalty	0.19	0.25

On behalf of the Board of Directors

Place:Kolkata,  
Date: November 10, 2020

**Srinivash Singh**  
Director

**Kasturi Roy Choudhury**  
Director



## Annexure B

### Management Discussion & Analysis

The fiscal year 2020 marked the ending of a decade, which saw the world recover from a financial crisis and scale new heights in terms of innovation and economic expansion. Some of the major developments and changes in lifestyle were not even conceivable ideas at the start of the decade. The Indian economy has been at the forefront as one of the fastest growing economies over the past decade. India's GDP grew from being the 9th largest to 5th largest in the world.

In retrospect, 2019-20 turned out to be one of the most challenging years for the Indian economy with GDP growth at an 11-year low (estimated at 4.2% Vs. 6.1% in 2018-19) despite a low base. On the supply side, growth in the Agriculture sector improved (4.0% in 2019-20 Vs. 2.4% in 2018-19) while Industry (0.9% Vs. 4.9%) and Services (5.5% Vs. 7.7%) sectors came under severe stress. Persistent weakness in capital formation, manifest in the decline in new project announcements, transmitted to private consumption (PFCE), which slowed down considerably to register a growth of 5.3% in 2019-20 Vs. 7.2% in 2018-19. The slowdown in consumption expenditure was attributable largely to subdued consumer sentiment, agrarian distress and tight liquidity conditions. PFCE growth, in the fourth quarter of 2019-20 was reported at a mere 2.7% - the lowest in decades - reflecting inter alia the impact of nationwide lock downs in late March 2020. Going forward, there is heightened uncertainty around the timing and shape of the recovery trajectory as the Indian economy is expected to face multi-dimensional challenges in the form of health crises, job losses, labour force displacement, lower productivity, lack of export opportunities and volatility in capital flows.

#### Global economic scenario

The COVID-19 pandemic has unleashed unprecedented disruption to human life and economic activity the world over, and has sent the already slowing global economy into a massive recessionary shock. With world output estimated to contract by 5% to 7% in 2020 (as per latest estimates of international agencies) the anticipated recession would be the deepest since the Great Depression of the 1930s and the first one since 1870 to be triggered solely by a pandemic. In emerging economies, the pandemic is likely to cause the first output contraction in the past six decades. The pandemic will result in significant contractions across the vast majority of advanced economies, emerging markets and developing economies; the ultimate outcomes, however, remain uncertain. While the immediate priorities are to alleviate human costs, protect vulnerable sections of population and mitigate the near-term economic losses, a credible commitment to sustainable policies and structural reforms would be necessary to buttress long-term prospects, once the crisis abates. Building capacity to deal with similar future events and appropriate safety nets to support the weaker sections of society will take centre stage in policy formulation going forward. Coordination and cooperation on a global scale will be of paramount importance to revive the world economy.

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### Indian economy

The Indian economy faced multiple challenges in FY2020 and India's real GDP growth rate decelerated to 4.2% compared to the 6.1% growth recorded in FY2019. This was due to the slowdown across manufacturing sectors coupled with the general liquidity squeeze in the economy caused by the weakness in the NBFC sector. The outbreak of COVID-19 in early 2020 has further exacerbated this slowdown in economic growth in India. The pandemic has created supply shortage in the short term with factory shutdowns, drying cash flows, labour shortages and supply chain disruptions. However, long-term demand is also expected to be muted with lower discretionary spends, loss in income and employment, weaker global demand and poor market sentiments.

To flatten the pandemic curve the Government of India announced a lockdown towards the end of March 2020. The lockdown was in place for two months and the country started opening in a phased manner from June 2020. The Reserve Bank of India has introduced rate cuts as well as undertaken several measures to provide long term liquidity, including providing loan and working capital interest moratorium, providing targeted long-term refinance options, increasing ways and means advances limits for government and easing of prudential and forbearance measures. The Indian government announced a massive Rs.20 lakh crore stimulus package, equivalent to 10% of GDP, to kickstart the economy, which had come to a standstill during the lockdown. The Government package consists of Rs.1.5 lakh crores representing direct cash transfers and subsidies. Several initiatives to support the Micro, Small and Medium Enterprises (MSME) sector and a slew of agri-reforms have also been announced recently which augur well for the long-term prospects of the Indian economy. Further to the 'Make in India' programme announced earlier, the Hon'ble Prime Minister has made a clarion call to achieve self-reliance through the 'Atmanirbhar Bharat' programme, which seeks to make India an even stronger, more competitive and resilient economy.

Going forward, there is heightened uncertainty around the timing and shape of the recovery trajectory as the Indian economy is expected to face multi-dimensional challenges in the form of health crises, job losses, labour force displacement, lower productivity, lack of export opportunities and volatility in capital flows. Studies indicate that the pandemic has put as much as 40% of Indian household expenditure at grave risk, which would weigh on consumption expenditure in the short to medium-term. Even as the pace of re-opening of the economy accelerates and alignment to the new normal becomes a key imperative across sectors, it is clear that the economic impact on certain industries is likely to be more severe. Even in the face of such tumultuous and challenging global upheavals, India remains one of the most dynamic major economies in the world. With structural drivers of growth firmly in place, the pace of economic growth is expected to pick up over time. The significant actions of the Government as well as the Reserve Bank of India in recent months, including monetary stimulus and liquidity facilities to reduce systemic stress, have supported confidence building measures and contributed to limiting the amplification of the shock. Further measures may be warranted going forward to improve demand, drive consumption and revive the Indian economy.



## Annexure B

### Industry Structure and Developments

The manufacturing facilities of this company have been built primarily to serve the iron ore, steel, coal and thermal power industry and base metals. The performance of these sectors during the year under review was as follows:

**Iron & Steel Sector:** India's crude steel production registered a marginal degrowth of 2.2% falling to 108.500 million tonnes (MT) in Financial Year 2019-20 vis-a-vis 110.921 MT in Financial Year 2018-19. The production of hot metal and pig iron declined by 1.8% at 73.00 MT and 14.1% at 5.50 MT respectively. The total Finished Steel production grew by 0.8% at 102.059 MT while the consumption increased by 1.4% at 100.067 MT from 98.708 MT. The exports of total finished steel outpaced imports during Financial Year 2019-20 and India was a net exporter during this period. The price rise in India from November, 2019 onwards was in line with the global trend. In the aftermath of the COVID-19 outbreak in January 2020, the prices had witnessed a fall in China due to demand slowdown and halted logistics. The slowing economic activity would affect demand growth of Steel sector in Financial Year 2020-21, with any significant pick up being unlikely. Muted demand, inventory build-up and oversupply would see steel prices to come under pressure post-lockdown. Unavailability of workforce and restricted logistics movement would continue to have an overhang on the revival.

The expenditure by the Government of India on infrastructure sector would remain the key driver for the industry in Financial Year 2020-21.

**Power Sector :** The power sector continued to struggle with low capacity utilization. The Plant Load Factor (PLF) for coal and lignite based power plants remained dismally low at 56% in Financial Year 2019-20 against 61% in Financial Year 2018-19. The PLF for central power plants was 65.36% against 72.64% in Financial Year 2018-19, while PLF of state and private sector was even lower at 50.26% and 54.73% in Financial Year 2019-20 against 57.81% and 55.24% respectively in Financial Year 2018-19. The excess capacity has been a limiting factor for fresh investments in the Thermal power sector and the reason for stressed assets in the power sector.

Installed capacity of power stations in India grew from 356 GW in Financial Year 2018-19 to 370.10 GW in Financial Year 2019-20 while the renewable energy capacity grew from 77.6 GW to 87.028 GW in Financial Year 2019-20 as compared the same period last year. In Financial Year 2020-21, a decline in the Power demand is likely to take place, due to slowing industrial and commercial activity and policy actions from government that favour consumers (e.g. moratorium) over utility companies. Distribution Company (DISCOMs) that rely on subsidies from the government, could result in delayed payment to power producing companies, as the government with limited finances will push subsidies towards social and healthcare spending in order to contain the COVID-19 outbreak. The moratoriums to consumers on unpaid dues might further weaken the credit profile of DISCOMs. The recently announced government and RBI relief measures for the power sector will look to offset alleviate these challenges.

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**Port Sector:** The 12 major ports recorded a growth of 0.82% in the traffic handled in Financial Year 2019-20 of 704.63 million tonnes (MT) against 699.10 million tonnes (MT) in Financial Year 2018-19. While the capacity increased from 1,477 MT (Financial Year 2018-19) to 1,524.91 MT (Financial Year 2019-20), the capacity utilization in Financial Year 2019-20 stood at 46.2% as compared to 47.3% in Financial Year 2018-19.

The number of vessels handled by ports was 20,837 in Financial Year 2019-20 against 20,853 vessels in Financial Year 2018-19. Considering the low capacity utilization levels, a significant increase in the existing capacity may not be undertaken in the near future.

Under the ambitious Sagarmala Programme, the flagship programme of Ministry of Shipping (MoS) to promote port led development harnessing India's 7,500 km coastline and 14,500 km of navigable waterways, 500 projects have been identified at an estimated infrastructure investment of Rs. 3.55 lakh crore across all pillars. Of these identified projects, 143 projects worth Rs. 0.88 lakh crore have been completed and 190 projects worth Rs. 2.12 lakh crore are under implementation.

Cargo volumes had been witnessing slowdown in Financial Year 2019-20 on back of various factors including US-China trade war and general economic slowdown. With the ongoing outbreak of COVID-19, Financial Year 2020-21 traffic is expected to remain tepid as government restrictions will exacerbate the woes.

**Mining Sector :** All India coal production witnessed 0% growth in Financial Year 2019-20 as the production stood at 729.08 MT in Financial Year 2019-20 as against 728.72 MT in Financial Year 2018-19. With the ongoing lockdown due to COVID-19 pandemic, the electricity demand in offices and factories have been slashed thus swelling the inventory levels. The production is expected to register degrowth in Financial Year 2020-21 due to significantly lower demand from both power and non-power sectors.

The Iron ore production increased by 19% in Financial Year 2019-20. The production touched 246.5 MT against 205.68 MT, as a few miners in Odisha ramped up production before the expiration of mining lease on March 31, 2020. They were supported by strong demand from Steel mills and pellet producers who increased their stock piles anticipating supply crunch post lease expiry.

As for the overall production across minerals, the Index of Mineral production suggests a cumulative growth of 1.7% in Financial Year 2019-20 over the corresponding period of previous year.

### Business Scenario and Outlook

#### Operation & Performance

The Company could achieve a turnover of Rs 142.29 crores which is reduced by approx. 35% from previous financial year due to insufficient orders in hand at the beginning of the financial year, unprecedented slowdown of economy and impact of Covid-19 pandemic in Q4 as well as continued working capital constraints, tardy customer payments, delayed clearances related issues. However, the Company's operating margins as well as EBIDTA level have been improved from the previous



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year largely due to increase in spare sales and reduction in both operating as well as fixed cost. Infrastructure growth continued to remain sluggish during the year. Only handful of companies in the infrastructure, power generation and steel sector which were referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC), could find a revival resolution. The company has succeeded in ensuring a healthy order booking during the year and the orders in hand is also found satisfactory and sufficient to achieve the target of minimum 40% growth in the current financial year. This is based on the work that has been carried out so far, as well as, the work expected to be completed before the year end.

Post the shutdown, which impacted the world and India bringing all economic activities to stand still, indeed the Company is not an exception to face the severe challenges. However, the Govt. of India has taken some extremely encouraging steps to jump start the economy. One such major initiative the Gol has acted upon is making India Atma Nirbhar with focus on defence and infrastructure sector especially mining and railway sector.

The above initiative of Gol indeed opens new vistas of business opportunities for the Company to have confidence of strong order book in the near future. Few initiatives of the Gol vis-à-vis opportunities for the company are stated hereunder:

- i. Aatmanirbhar Bharat Abhiyan with big thrust to self-reliance in **defense** sector shall give a big boost to the Company's future business prospects; a lot more localization thrust across the products of army, navy and air force besides police and para military forces.
- ii. Global tenders above Rs. 200 Crores would be disallowed in **Govt. procurement tenders**.
- iii. The Company will stand to benefit in a large manner due to enhancement of private investment in mineral sector, **mining** and processing of minerals, particularly aluminum and coal.
- iv. Big thrust in privatizing manufacture of **railway** engines especially electric locomotives.

Considering the eligibility qualification, strong market reputation and timely execution ability, the Company is confident that it will be able to ride the wave of new developments through participation.

The Company finds some of the projects mentioned here under, having **strong opportunity/pre-qualification in diverse sectors**:

- **Defence:** The factory at Baroda is already a qualified factory for manufacture of defence equipment.
- **Railways:** The factory at Asansol is already qualified to manufacture of Bougie Frames for railway engines.
- **Equipment for Sand and Aggregate:** The units at Asansol, Baroda and Bangaluru are qualified

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under road infrastructure for manufacture of aggregates and sand. The manufacturing of sand is a special forward integration of stone crushing process whereby sand is produced which is then used in construction of buildings. It will be not out of place to mention that it is now prohibited in many states to lift sand from the river bed and that has created scarcity of sand in the market, as such, the sand produced by artificial process can easily replace the river sand in construction. The Company already have patented equipment that can carry out the process.

- **Solar:** Solar is a major thrust area under the Atmanirbhar Bharat with a drive for clean energy. The parent company has already successfully executed a 100 MW project for installation of solar plant. Also the maintenance is with the parent company. The Company has been a supplier of major equipment and spares for the project. If need be, the Company will be able to bid for such projects in future on its own or with a Joint Venture partner that it can bring in.
- **Equipment spares sales and maintenance contracts:** Equipment spares sales and maintenance contracts have not been focused by the company despite having sold nearly Rs. 2,000 crores worth of original equipment. Complete focus has now been given towards boosting the spares sales across the client base of the Company which would have also better profit margin.
- **De-risking reliance on Parent Company:** The management has taken a very conscious call to diversify away from the parent from the point of reliance on parent for sales and turnover. This has been done to de-risk and de-couple the joint risk of operations. The strategy has been conceived and has been implemented in the first phase. The certification of different factories for different sectors is one such step. The on boarding of a team for spear heading the spare sales is another such measure. It will be not out of place to state here that dependency on Parent Company has been drastically reduced from 16% of total operational revenue in FY17-18 to 4% in FY19-20.
- **Technology Infusion:** Expansion of Research & Developmental activities through initiatives of bringing in advanced technology and associating with academic research bodies globally.

### 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.

### Strategies

The company is facing the challenges envisaged with multipronged approach. The Company has submitted a fresh Resolution Plan to its lenders which would enable the company to carry a sustainable debt in order to meet its financial obligations. As stated in details above, the Company is trying to enter into newer sectors like Cement, Railways and Defence to reduce its dependence on steel and power sectors which have not been faring well in the past few years. On the other hand, the company is trying to maximise its spares business and concentrate on replacement and service markets in order to have improved margins and lower working capital cycle. Cost control is receiving topmost priority mainly to be achieved by way of increasing efficiency. The company continues its

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efforts to constantly upgrade its technology and increase product efficiencies through in-house R&D activities. It is also desperately working on rationalisation of assets to reduce its debts.

### Financial Performance

On standalone basis, total income for the financial year under review (net of taxes and duties) was Rs. 147.29 Crores (Previous year Rs. 228.80 Crores). Loss before tax and exceptional items for the year was Rs.6.82 Crores (Previous year Rs. 18.14 Crores). Loss before tax was Rs.6.82 Crores as against Rs 44.05 Crores for the previous financial year. The loss after tax for the financial year under review was Rs 6.82 Crores as against Rs 32.55 Crores for the previous financial year.

On consolidated basis, total income for the financial year under review ( net of taxes and duties) of your Company during the year was Rs.186.68 Crores (Previous year Rs. 259.97 Crores). Loss before tax for the year was Rs. 6.76 Crores (Previous year Rs. 48.78 crores). Total loss for the year was Rs. 6.51 Crores (Previous year total loss was Rs. 37.76 Crores).

During the year ended 31st March, 2020, the binding Term Sheet received by the Company for infusion of fresh funds for debt restructuring was under discussion, with the COVID-19 lockdown worldwide, the progress of the funding from the investors has been impacted. In the meanwhile, opportunities for the Company have arisen to provide confidence to submit a fresh Resolution Plan with more clarity and firm conviction of its implementation in a time bound schedule. The company is confident that the Resolution of debt restructuring will be resolved very soon. The Company also finds that sufficient generation of cash flows from profitable operations will be able to address the issue. Hence the financials have been prepared on Going Concern basis.

The Auditors also have qualified material departure from the requirement of Indian Accounting Statndard 109 “Financial Instruments” for the Company having not recognized interest expenses on Bank Borrowings amounting to Rs. 26.78 Crores and Rs. 6.31 Crores on Inter-Corporate Borrowings for the financial year ended 31st March, 2020. The Company has been categorized as Non-Performing Asset by the lender banks and consequently, majority of the lender banks have stopped debiting interest on their debts. Hence, the Company have not recognised the interest expenses on Bank Borrowings and Inter Corporate Deposit as stated above.

### 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, and the changes in ISO standards.

### Quality

The Company is conferred ISO-9001 & 9001(2000) recognition. The Company is committed to

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produce quality products and services to enhance customer satisfaction through the effective application of our Quality Management System, including process for continual improvement.

### Cautionary Statement

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



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### Report on Corporate Governance

FOR THE YEAR ENDED 31st MARCH, 2020

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, 2020 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 five members at the end of the financial year, consisting of two independent directors, two non-executive directors and one whole time director. Two independent directors were inducted into the board during the previous financial year. The independent and non-executive directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance and law. The composition is as under:

Name of Directors	Category of Directors	No. of other Directorships held #		No. of other Board Committee(s) of which he/she	
		Public	Private	Is a member	Is a Chairperson
Mr. Aditya Khaitan	Promoter -Non Executive	8	1	3	1
Mr. Srinivash Singh	Promoter-Non Executive	1	-	2	-
Mr. Pradip Kumar Tibdewal ^	Professional – Executive	-	-	-	-
Mr. Nilotpai Roy <sup>A</sup>	Independent – Non Executive	1	1	-	-
Mrs. Kasturi Roy Choudhury <sup>B</sup>	Independent – Non Executive	1	-	-	-

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# Excluding Foreign Companies

- ^ Upon completion of his term Mr. Pradip Kumar Tibdewal relinquished the office of Whole Time Director on 31.10.2020.
- A. Mr. Nilotpal Roy was appointed as an Additional Director on 29.05.2019 and subsequently appointed by the shareholders as an independent director at the Annual General Meeting held on September 25,2019.
- B. Mrs. Kasturi Roy Choudhury was appointed as an Additional Director on 29.05.2019 and subsequently appointed by the shareholders as an independent director at the Annual General Meeting held on September 25,2019.
- C. Mrs. Tehnaz Punwani who was serving as an independent director had resigned from the Board of Directors with effect from 16.05.2019. She resigned from the board due to her other obligations and commitments .Such resignation took place prior to holding of any board meetings or committee meetings in which she was a member during the financial year 2019-20

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

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

### Skills, expertise and competence of the Board

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



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The individual members of Board of Directors have been identified with the key skills, expertise, competence and attributes in various functional spheres which are required in the context of the Company's business including effective functioning of the Company under overall superintendence of relevant collective body. The list of core skills/expertise/competencies identified by the board of directors as required in the context of the company's business and the name of the Directors having the required set of skills/expertise/competencies has been mentioned below:

Name of Director	Wide Management and Leadership experience	Technical/Professional Knowledge & Skills	Functional and Managerial Experience	Sound knowledge and expertise in Financial matters	Expertise in Legal, Governance and Risk Management
Mr. Aditya Khaitan	✓	✓	✓	✓	✓
Mr. Srinivash Singh	✓	✓	✓	✓	✓
Mr. Pradip Kumar Tibdewal	✓	✓	✓	✓	✓
Mr. Nilotpal Roy	✓	✓	✓	✓	✓
Mrs. Kasturi Roy Choudhury	✓	✓	✓	✓	✓

- All independent directors have confirmed their independence to the Company. In the opinion of the Board the independent directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations) and are independent of management.
- The non-executive directors have no pecuniary relationship or transactions with the Company.
- None of the directors are related to each other in terms of the provision of the Companies Act, 2013.
- The information as mentioned in Part A Schedule II of the SEBI (LODR) Regulations, is made available to the Board members. The Board periodically reviews compliance reports of all laws applicable to the Company and the steps taken to rectify instances of non-compliance.
- 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.
- The number of directorship held in various listed companies and membership held in various Committees are within the permissible limits of the SEBI (LODR) Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
- None of the directors of the company hold any shares or convertible instruments of the company.

### 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.

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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/>.

With Effect From 29.05.2019 the company have started paying sitting fees of Rs.20,000/- to the independent directors for attending each board meeting. There was no pecuniary relationship or transactions of the company with any of its Non Executive Director.

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

(In Rs. Lakhs)

Particulars	Mr. Pradip Kumar Tibdewal
Salary	104.39
Performance Bonus	-
Contributions to Provident Fund and other funds	4.53
Perquisites	-
<b>Total remuneration</b>	<b>108.92</b>

Following further details attributable to remuneration of Whole Time Director are as follows:

<b>Period of Appointment/ Service contract</b>	:	He served as Whole time Director during the Period 1 st November,2017 to 31 st October, 2020 in accordance with his Agreement For Employment
<b>Notice Period</b>	:	Three months prior notice in writing
<b>Severance Fee</b>	:	Nil
<b>Stock Option</b>	:	Nil



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### f. Board Meetings and attendance of Directors:

- (i) The members of the Board have been provided with the requisite information mentioned in the SEBI (LODR) Regulations well before the Board Meetings and the same were dealt with appropriately.
- (ii) During the year, 4 Board Meetings were held on May 29, 2019\*, August 14, 2019, November 14, 2019 and February 12\*\*, 2020.
- (iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2020 and of the last Annual General Meeting is as under :-

Directors	Number of Board Meetings attended	Attendance at the Last AGM
Mr. Aditya Khaitan	2	No
Mr. Srinivash Singh	3	No
Mr. Pradip Kumar Tibdewal	4	Yes
Mr. Nilotpal Roy(Chairman)	4	Yes
Mrs. Kasturi Roy Choudhury	4	Yes

\*Adjourned and completed on May 30,2019

\*\* Adjourned and completed on February 13,2020

### 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](http://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, 2020.

For McNally Sayaji Engineering Limited

Place: Kolkata  
Date: November 10, 2020

**Srinivash Singh**  
Director

## Annexure C

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 judgement 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 had elected Mr. Nilotpal Roy as its Chairperson. All the members of Audit Committee are financially literate and have accounting expertise.

Four Audit Committee Meetings were held on May 29, 2019\*, August 14, 2019, November 14, 2019 and February 12, 2020\*\*. The attendance of Audit Committee members during the year ended on March 31, 2020 is as under:-

## Annexure C

Name of Audit Committee Member	Number of meetings attended
Mr. Nilotpal Roy	4
Mrs. Kasturi Roy Choudhury	4
Mr. Pradip Kumar Tibdewal	4

\*Adjourned and completed on May 30,2019

\*\* Adjourned and completed on February 13,2020

The Chairperson of the Audit Committee was present at the seventy fifth Annual General Meeting of the company. The company secretary acts as the secretary to the Audit Committee.

Mr. Srinivash Singh was inducted as a member of the audit committee on 13.10.2020 and upon completion of his term as Whole Time Director on 31.10.2020 Mr. Pradip Kumar Tibdewal relinquished the membership of the audit committee.

### Nomination and Remuneration Committee:

The role and terms of reference of the Nomination and Remuneration Committee includes the areas laid down in Section 178 (1) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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

- 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.. 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.

One Nomination and Remuneration Committee Meeting was held on May 29, 2019. Mrs. Kasturi Roy Choudhury chaired the meeting held during the year. The attendance of each Committee member during the year ended on March 31, 2020 is as under:-

Name of Nomination and Remuneration Committee Member	Number of meetings attended
Mrs. Kasturi Roy Choudhury	1
Mr. Nilotpal Roy	1
Mr. Srinivash Singh	1

## Annexure C

### CRITERIA FOR EVALUATION OF THE INDEPENDENT DIRECTORS AND THE BOARD

The Nomination and Remuneration Committee has approved the following criteria for evaluation of Independent Directors and the Board in terms of Regulation 34 read Schedule V(C)(4)(d) of the SEBI (LODR) Regulations, 2015 :

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

### Stakeholders Relationship Committee

The **Stakeholders Relationship Committee** of the Company met once during the year on August 14, 2019. Mr. Nilotpal Roy chaired the meeting held during the year. The attendance of the members of the Stakeholders Relationship Committee was as follows:

Name of Stakeholders Relationship Committee Member	Number of meetings attended
Mr. Nilotpal Roy	1
Mrs. Kasturi Roy Choudhury	1
Mr. Pradip Kumar Tibrewal	1

No investor complaint was received during the year and there are no pending complaints as on 31st March, 2020.

The Company confirms that there were no share transfers lying / pending as on March 31, 2020, and all requests for dematerialization and re-materialization of shares as on that dates were confirmed/ rejected into the NSDL / CDSL system.

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

Mr. Srinivash Singh was inducted as a member of the Stakeholders Relationship Committee on 13.10.2020 and upon completion of his term as Whole Time Director on 31.10.2020 Mr. Pradip Kumar Tibrewal relinquished the membership of the Stakeholders Relationship Committee.

### Meeting of Independent Directors

The Independent Directors meeting was held on February 13, 2020 which was attended by Mr. Nilotpal Roy and Mrs. Kasturi Roy Choudhury.

## Annexure C

### Subsidiary Companies

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

### Disclosures

- a. The Company has adopted a policy on dealing with Related Party Transactions and the same is disclosed at the weblink: <http://mcnallysayaji.com/manage/policies/>.
- b. Disclosures on Materially Significant Related Party Transactions having Potential Conflict: There are no Materially Significant Related Party Transactions having Potential Conflict with the interest of the company.
- c. Compliance of Laws & Regulations relating to Capital Markets: The company got itself enlisted with the Metropolitan Stock Exchange of India with effect from 17.04.2018. Prior to which it was listed with Delhi Stock Exchange, Vadodara Stock Exchange and Ahmedabad Stock Exchange, which are currently not recognized stock exchanges under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. After getting enlisted with the Metropolitan Stock Exchange of India the Company has complied with all the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the financial year. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during last three financial years.
- d. The Company has formulated a Whistle Blower Policy and established a Vigil Mechanism for Directors and Employers and same has been disclosed in the Company's website. The Management affirms that no personnel has been denied access to the Audit Committee.
- e. The management has informed the Board that they are not having any personal interest in material, commercial and financial transactions of the Company that may have potential conflict with the interest of the Company at large.
- f. The Whole Time Director and the CFO have certified, in terms of Regulation 17(8) of the SEBI (LODR) Regulations, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.
- g. The Company has issued formal appointment letters to all Independent Directors and the terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company.
- h. Commodity Price Risk or foreign exchange risk and hedging activities:

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

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



## Annexure C

### Disclosures under SEBI Circular dated 15th November, 2018:

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

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

c. Commodity risk faced during the year and how they have been managed: Not applicable.

- i. All the mandatory requirements have been appropriately complied with.

### Compliance Certificate

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

### General Body Meetings

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

#### Annual General Meeting:

AGM	Date	Venue	Special Resolutions Passed
73 <sup>rd</sup>	September 20, 2017 at 03.00 P.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAI/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for entering into contract(s) / arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited upto a maximum amount of Rs. 300 Crores for the financial year 2017-18.
74 <sup>th</sup>	September 25, 2018 at 11.00 A.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAI/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for: 1. Appointment of Mr. Padam Kumar Khaitan as independent director for second term of five years. 2. Appointment of Mr. Pradip Kumar Tibdewal as whole Time Director for a period of three years with effect from 01.11.2017 . 3. Approval of shareholders for entering into contract(s) / arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited upto a maximum amount of Rs. 300 Crores for the financial year 2018 -19.
75 <sup>th</sup>	September 25, 2019 at 11.00 A.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAI/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for: 1. Reclassification of the Status of Promoter's shareholding into public shareholding. 2. 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 2019-20.

## Annexure C

### Extraordinary General Meeting

Date	Time	Venue	Special Resolutions Passed
Wednesday, March 29, 2017	11:00 a.m	4 <sup>th</sup> Floor, Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160	<ul style="list-style-type: none"> <li>Alteration of the Memorandum of Association of the Company.</li> <li>Issue of Compulsorily Convertible Redeemable Preference Shares (“CCPS”) to McNally Bharat Engineering Company Limited on a preferential basis.</li> <li>Extension of tenure of Mr. Subir Chaki as Whole Time Director of the Company.</li> </ul>

During the year ended 31st March, 2020, 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:

#### 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 'Sukhabar' in Bengali.

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

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

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

#### General Shareholder Information

##### a.76<sup>th</sup> Annual General meeting to be held:

Day, Date, time and venue:

Day : Monday

Date : December 21, 2020

Time : 11.00 a.m (IST)

Venue : Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160

Mode : VC/OAVM





## Annexure C

- b. Financial Year** : 1<sup>st</sup> April to 31<sup>st</sup> March  
 First Quarter Results : On or before 15<sup>th</sup> September 2020  
 Second Quarter Results : On or before 14<sup>th</sup> November 2020  
 Third Quarter Results : On or before 14<sup>th</sup> February 2021  
 Audited Yearly Results for the  
 Year ended 31 March, 2021 : On or before 30<sup>th</sup> May, 2021
- c. Period of Book Closure** : 15<sup>th</sup> December, 2020 to 21<sup>st</sup> December, 2020 (both days inclusive)

**d. Listing on Stock Exchanges:**

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

The Company has paid the annual listing fees for the financial year 2020-21 to Metropolitan Stock Exchange of India.

**e. Market Price Data:**

There was no trading in the company's shares at the Stock Exchanges where the shares of the company were listed during the Financial Year 2019-20 and, hence, no share price data is provided.

**f. Share Transfer Agents:**

The Company has engaged the services of Maheshwari Datamatics Private Limited, 23 R N Mukherjee Road, 5th Floor, Kolkata – 700001, a SEBI registered Registrar, as their Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trading in Company's shares can now be done only in the dematerialized form, request for Demat and Remat should be sent directly to Maheshwari Datamatics Private Limited, 23 R N Mukherjee Road, 5th Floor, Kolkata – 700001. Shareholders have the option to open their Accounts with a Depository Participant having connectivity with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

**g. Share Transfer System:**

The activities and compliance related to share transfer is managed by M/s. Maheshwari Datamatics Private Limited, Registrar & Transfer Agent (RTA) of the Company. The Company's registrar & Transfer agent processes transfer/transmission/dematerialization/rematerialization/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, 2020:

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

### i. Pattern of Shareholding as on March 31, 2020:

	Category	No. of Holders	No. of Shares	% of total shares
1	Promoter & Promoter Group			
	- Individual/HUF (Indian)	-	-	
	- Bodies Corporate (Indian)	2	10,304,711	81.86
	- Individual/HUF (Foreign)	-	-	
	- Bodies Corporate (Foreign)	-	-	
2	Mutual Funds	-	-	
3	Financial Institutions/Banks	-	-	
4	Insurance Companies	-	-	
5	Foreign Institutional Investors	-	-	-
6	Domestic Companies	13	526,683	4.18
7	Foreign Companies	1	1,340,000	10.65
8	Resident Individual	757	3,05,079	2.42
9	Non Resident Individual	7	50,800	0.40
10	IEPF Authority	1	62,000	0.49
	<b>Total</b>	<b>781</b>	<b>1,25,89,273</b>	<b>100</b>

### j. Dematerialization of Shares:

PARTICULARS	HOLDERS	SHARES	PERCENTAGE%
PHYSICAL	452	3,781,200	30.04
NSDL	192	8,234,253	65.41
CDSL	143	573,820	4.55
TOTAL	782	12,589,273	100



## Annexure C

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

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

### 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 : Campus 2B, Ecospace Business Park, 11F/12, Rajarhat, Newtown, Kolkata – 700160 .

Shareholders' correspondence should be addressed to:

#### **McNally Sayaji Engineering Limited:**

Campus 2B, Ecospace Business Park,  
11F/12, Rajarhat, Newtown, Kolkata – 700160 .

**Contact person:** Company Secretary

Telephone Nos: +9133 3014 1213

Fax No: +9133 3014 2393, E-mail: mse.corp@mbecl.co.in

#### **Registrar and Share Transfer Agent**

#### **Maheshwari Datamatics Private Limited**

23 R N Mukherjee Road, 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

### n. Certificate from Practising Company Secretary

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

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

During the year ended 31st March, 2020, the Company has availed the services of the Statutory Auditors and made the following payments together with its subsidiary company:

Services availed	Payment (Rs.)
Statutory Audit for the FY 2019-20	35,60,0000

## Annexure C

**p. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year ended 31st March, 2020 :**

<b>No. of complaints filed during the financial year</b>	Nil
<b>No. of complaints disposed of during the financial year</b>	Nil
<b>No. of complaints pending as on end of the financial year</b>	Nil

**q. Credit Ratings:**

No credit rating was obtained by the company during 2019-20.

### Compliances

#### **Mandatory Requirements**

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

#### **Adoption of non-mandatory requirements under Listing Regulations**

##### ***The Board :***

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

##### ***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](http://www.mcnallysayaji.com). Hence, half yearly performance including summary of the significant events are not individually sent to the Shareholders.

##### **Modified Opinion(s) in Audit Report:**

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

##### **Separate posts of Chairman and CEO:**

The company has separate posts for Chairman and CEO.

## Annexure C

### 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: November 10, 2020

**Srinivash Singh**  
*Director*

**Kasturi Roy Choudhury**  
*Director*

**Certificate by Whole-time Director & Chief Financial Officer**

To  
The Board of Directors,  
McNally Sayaji Engineering Limited

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

- a) The financial statements and the Cash Flow Statement for the year have been reviewed and to the best of our knowledge and belief:
  - (i) these statements do not contain any untrue statement of material fact, have not omitted any material fact and do not contain any statement that is misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b) To the best of our knowledge and belief no transactions entered into by the company during the year are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take 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: 15.07.2020

**Pradip Kumar Tibdewal**      **Uttam Tekriwal**  
*Whole Time Director*                      *CFO*



### CERTIFICATE ON CORPORATE GOVERNANCE OF MCNALLY SAYAJI ENGINEERING LIMITED

To  
The Members,  
MCNALLY SAYAJI ENGINEERING LIMITED

We have examined the compliance of conditions of Corporate Governance by MCNALLY SAYAJI ENGINEERING LIMITED ("the Company") for the year ended on 31st March, 2020, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clauses and/or Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge, information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of LODR.

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

For **MKB & Associates**  
Company Secretaries

**Neha Somani**  
[Partner]

ACS no. 44522  
COP no. 17322

FRN: P2010WB042700

Date: 10.11.2020  
Place: Kolkata  
UDIN: A044522B001198664

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To  
The Members,  
McNally Sayaji Engineering Limited,

Based on our verification of the books, papers, registers, forms, returns, disclosures received from the Directors and other records maintained by McNally Sayaji Engineering Limited, having its Registered office at Campus 2B, Ecospace Business Park, 11F/12, Rajarhat, Newtown, Kolkata - 700 160, West Bengal ("the Company") and also the information provided by the Company, its officers, agents and authorized representatives for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the verification of the portal [www.mca.gov.in](http://www.mca.gov.in), including Directors Identification Number (DIN) status at the portal, we hereby certify that during the Financial Year ended on March 31, 2020, in our opinion, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/Ministry of Corporate Affairs or any such Statutory Authority.

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

For **MKB & Associates**  
Company Secretaries

**Neha Somani**  
[Partner]

ACS no. 44522  
COP no. 17322

FRN: P2010WB042700

Date: 10.11.2020  
Place: Kolkata  
UDIN: A044522B001198543

## Annexure D

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

[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 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020, 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:





## Annexure D

- 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 and labour laws which are generally applicable to all manufacturing companies, the following laws/acts are also, inter alia, applicable to the Company:
- a) The Environment (Protection) Act, 1986
  - b) The Water (Prevention and Control of Pollution) Act, 1974
  - c) The Air (Prevention and Control of Pollution) Act, 1981
  - d) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

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

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

We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

## Annexure D

- 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 the following special resolutions:

- a) for approval of transactions with its holding company, McNally Bharat Engineering Company Limited, upto an amount of Rs. 300 crore for the financial year 2019-20 under Section 188 of the Act;
- b) for reclassification of the shareholding of EMC Ltd from 'Promoter & Promoter Group Category' to 'Public Category'.

We further report that Mr. Nilotpal Roy and Mrs. Kasturi Roy Choudhury were appointed as Independent Directors directly by the Board of Directors of the Company.

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*

**Neha Somani**  
*(Partner)*

ACS no. 44522

COP no. 17322

FRN: P2010WB042700

Date: 10.10.2020

Place: Kolkata

UDIN: A044522B001198653

**Annexure – 1**

To

The Members,

MCNALLY SAYAJI ENGINEERING LIMITED

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

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

*Note: Due to continuing COVID-19 pandemic, for carrying on and completion of the Audit, documents/details have been provided by the Company through electronic mode and the same have been verified by us.*

**For MKB & Associates**  
Company Secretaries

**Neha Somani**  
(Partner)

Date: 10.10.2020  
Place: Kolkata  
UDIN: A044522B001198653

ACS no. 44522  
COP no. 17322  
FRN: P2010WB042700

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2020

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2020

**To**

**The Members,**

**MBE Coal & Mineral Technology India Private Limited**

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

New Town, Rajarhat, Kolkata – 700156

West Bengal, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MBE Coal & Mineral Technology India Private Limited (CIN: U27100WB2009PTC137428)** having its Registered Office at Ecospace Campus, 2B/11F/12 (Old Plot No. AA II/BLK-3), New Town, Rajarhat, Kolkata – 700156, West Bengal, India (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2020 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Secretarial Standards as issued by the Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
- (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

I further report that:

- (a) The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place, if any, during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period, M/s V. Singhi & Associates, Chartered Accountants, was appointed as the Auditors of the Company with effect from July 30, 2019 to fill the casual vacancy caused by the resignation of M/s Deloitte Haskins & Sells LLP.

I further report that, during the period under review, provisions of the following regulations/guidelines were not applicable to the Company:

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,

1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

This report is to be read with my letter of even date which is annexed as Annexure - A which forms an integral part of this report.

**(Jatin Biswakarma)**

*Practicing Company Secretary*

ACS no. 31174

CP no. 19922

UDIN: A031174B001155286

Date: November 05, 2020

Place: Kolkata

**To**  
**The Members,**  
**MBE Coal & Mineral Technology India Private Limited**

My 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. My responsibility is to express an opinion on those records based on my audit.
2. I 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. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of the financial records and the Books of Accounts and decisions taken by the Board of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of the Board and of the members of the Company and of other authorities as per the provisions of various statutes as mentioned in my report of even date.
4. Wherever required, I have obtained the Management's Representation about the compliance of Laws, Rules, Regulations, Guidelines and Directions and happening of events, etc.
5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**(Jatin Biswakarma)**

*Practicing Company Secretary*

ACS no. 31174

CP no. 19922

UDIN: A031174B001155286

Date: November 05, 2020

Place: Kolkata

## Annexure E

### Particulars of Employees

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

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

#### Executive Directors

	Remuneration	Ratio to the median remuneration
Mr. Pradip Kumar Tibdewal - Whole Time Director	Rs. 1,08,92,644	26.45:1

#### Non Executive Directors

	Remuneration	Ratio to the median remuneration
Mr. Nilotal Roy - Independent Director	-	-
Mrs. Kasturi Roy Choudhury - Independent Director	-	-
Mr. Aditya Khaitan - Non Executive Director	-	-
Mr. Srinivash Singh - Non Executive Director	-	-

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

Name	Designation	Percentage Change
Mr. Aditya Khaitan	Non Executive Director	Nil
Mr. Srinivash Singh	Non Executive Director	Nil
Mr. Pradip Kumar Tibdewal	Whole Time Director	5%
Mr. Uttam Tekriwal	Chief Financial Officer	7.5%
Mr. Nilotpall Roy With Effect From 29.05.2019	Independent Director	Nil
Mrs. Kasturi Roy Choudhury With Effect From 29.05.2019	Independent Director	Nil
Mr. Saikat Ghosh	Company Secretary	8%

- (iii) The percentage increase in the median remuneration of employees in the financial year: 1.16
- (iv) The number of permanent employees on the rolls of company: 254
- (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;





## Annexure E

Average percentile increase already made in the salaries of employees in the last financial year (barring KMPs, including CFO & CS) =5%

Percentile increase in the managerial remuneration in the last financial year (including CFO & CS) = 7.75%

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

The remuneration paid during the financial year ended March 31, 2020, is in terms of the Remuneration Policy of the Company

On behalf of the Board of Directors

Place: Kolkata  
Dated: November 10, 2020

**Srinivash Singh**  
*Director*

**Kasturi Roy Choudhury**  
*Director*

## Annexure E

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

(Rs. In Lakhs)

Name	Designation	Permanent or Contractual	Qualifications	Total Experience	DoJ	Age	Previous Employment & Designation	CTC
Mr. Mohan Bhasker	Sr. Vice president	Permanent	B.E	33	03-May-1993	55	Karthik Electrical, Business. Manager	70.51
Mr. Uttam Tekriwal	Chief Finance Officer.	Permanent	Chartered Accountant	30	01-Sep-2009	52	Duncans Tea Ltd.	48.06
Mr. Praveen P Deshmukh	COO	Permanent	BE - Mechanical	36	14-feb-2012	55	TRF Ltd .Chief (BHMS)	42.94
Mr.Rajesh Kumar Singh	Asso. VP	Permanent	B Tech (Mech) ,MBA	21	26-Aug-2019	42	International Combustion India Ltd.	42.47
Mr.Sanjay Kumar	Asso. VP	Permanent	Diploma in Mech Engg	34	8-Mar-2018	56	TRF Deputy Chief (AGM)	31.58
Mr.Nirmal Kumar Rout	GM Finance	Permanent	Chartered Accountant	25	18-Oct-2010	50	Swastik Pipes Ltd (CFO)	22.53
Mr.Nakul Kuri	AGM Research & Dev	Permanent	BE Mechanical	23	10-Mar-2010	45	Alstom Hydro(Design Engineer)	21.23
Mr.Om Prakash Bharadwaj	Advisor	Contractual	BE, Mtech	51	15-Sep-2016	73	Hindustan Copper Ltd.	19.84
Mr.Rajesh Kumar Sinha	GM Marketing	Permanent	BE Mech	29	23-Oct-1992	52	McNally Bharat Engineering Co Ltd	18.17
Mr. SK Nisarul Haque	GM Engineering	Permanent	M Tech	26	02-Jan-2001	50	F Harley & Co Pvt Ltd. (Sr. Executive)	18.16



## Annexure F

### Remuneration Policy

#### 1. Preamble

- 1.1 The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors ("Board"), Key Managerial Personnel ("KMP") and the Senior Management Personnel ("SMP") of the Company (collectively referred to as "Executives"). The expression "senior management" shall mean officers/ personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the Board) and shall specifically include company secretary and chief financial officer.
- 1.2 The policy will be reviewed every year by the Nomination and Remuneration Committee of the Board of Directors.

#### 2. Aims & Objectives

- 2.1 The aims and objectives of this remuneration policy may be summarized as follows:
  - 2.1.1 The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level and to ensure their long term sustainability.
  - 2.1.2 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.
  - 2.1.3 The remuneration policy will ensure that the interests of Board members & senior 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.
  - 2.1.4 The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management 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.

#### 3. Principles of remuneration

- 3.1 Support for Strategic Objectives: Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 Transparency: The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 Internal equity: The Company shall remunerate the board members, KMP and senior management in

## Annexure F

terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.

- 3.4 External equity: The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 Flexibility: Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 3.6 Performance-Driven Remuneration: The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 3.7 Affordability and Sustainability: The Company shall ensure that remuneration is affordable on a sustainable basis.

### 4. Nomination and Remuneration Committee

- 4.1 Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.
- 4.2 The Committee shall be responsible for:
  - 4.2.1 formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc. for Executives and reviewing it on a periodic basis;
  - 4.2.2 formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
  - 4.2.3 identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal;
  - 4.2.4 formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
  - 4.2.5 recommending to the Board, all remuneration, in whatever form, payable to senior management;
  - 4.2.6 recommending whether or not to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;

## Annexure F

4.2.7 devising a policy on Board diversity

4.3 The Committee shall:

4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;

4.3.2 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;

4.3.3 obtain reliable, up-to-date information about remuneration in other companies;

4.3.4 ensure that no director or executive is involved in any decisions as to their own remuneration.

4.4 Without prejudice to the generality of the terms of reference to the Remuneration Committee set out above, the Remuneration Committee shall:

4.4.1 operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);

4.4.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and

4.4.3 review the terms of executive Directors' service contracts from time to time.

## 5 Procedure for selection and appointment of the Board Members

5.1 Board membership criteria

5.1.1 The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations

5.1.2 In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.

5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

5.1.4 In addition, Directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

5.1.5 The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business.

### 5.2 Selection of Board Members/ extending invitation to a potential director to join the Board

5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all

## Annexure F

points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable 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 evaluates the candidate(s) and decides on the selection of the appropriate member.

5.2.2 The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director is appointed by the Board

### 6 Procedure for selection and appointment of Executives other than Board Members

- 6.1. The Committee shall actively liaise with the relevant departments of the Company to study the requirement for management personnel, and produce a written document thereon;
- 6.2. The Committee may conduct a wide-ranging search for candidates for the positions of KMP and SMP within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;
- 6.3. The professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- 6.4. A meeting of the Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of KMP and SMP;
- 6.5. Before the selection of KMP or SMP, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board of Directors;
- 6.6. The Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board of Directors.

### 7. Compensation Structure

#### 7.1. Remuneration to Non-Executive Directors:

The Non-executive Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The said sitting fees paid to the Non-executive Directors for the Board Meetings and Committee meetings are fixed by the Board and reviewed from time to time in accordance with applicable law. The Non-executive Directors shall also be paid such commission as the Board may approve from time to time subject to the limits prescribed in the Act or Rules made thereunder and approved by the shareholders.

#### 7.2. Remuneration to Executive Directors, Key Managerial Personnel(s) (KMPs) & Senior Management Personnel(s) (SMPs):

The Company has a credible and transparent framework in determining and accounting for the remuneration of the Managing Director / Whole Time Directors (MD/WTDs), Key Managerial Personnel(s) (KMPs) and Senior Management Personnel(s) (SMPs). Their remuneration are governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards.

The remuneration determined for MD/WTDs are approved by the Board of Directors and members at the next general meeting of the Company and by the Central Government in case such appointment is at variance to the conditions specified in Schedule V of the Companies Act, 2013. As a policy, the Executive Directors are not paid sitting fee.



## Annexure F

In addition to the basic/fixed salary, benefits, perquisites and allowances, the Company may provide for payment to its MDs/ WTDs, such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Companies Act, 2013. The specific amount payable to the MDs/WTDs would be based on performance as evaluated by the Board or any Committee thereof.

### 8. Role of Independent Directors

- 8.1. The Committee shall, in consultation with the Independent Directors of the Company, prepare and submit this policy to the Board for its approval
- 8.2. The Independent Directors shall have power and authority to determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
- 8.3. The Independent Directors shall submit its recommendations/ proposals/ decisions to the Committee which the Committee shall consult and take to the Board of Directors.

### 9. Approval and publication

- 9.1. This remuneration policy as framed by the Committee shall be recommended to the Board of Directors for its approval.
- 9.2. This policy shall be placed on the Company's website.
- 9.3. Necessary disclosures in respect of the policy shall be made in the Directors Report in the manner stated in the Companies Act, 2013 or any other statute.

### 10. Supplementary provisions

- 10.1. This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.
- 10.2. Any matters not provided for in this Policy shall be handled in accordance with relevant State laws and regulations and the Company's Articles of Association. If this Policy conflict with any laws or regulations subsequently promulgated by the state or with the Company's Articles of Association as amended pursuant to lawful procedure, the relevant state laws and regulations and the Company's Articles of Association shall prevail, and this Policy shall be amended in a timely manner and submitted to the Board of Directors for review and adoption.
- 10.3 The right to interpret this Policy vests in the Board of Directors of the Company.

## Annexure F

### 11. Amendment:

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

### 12. Effective Date:

This Policy is effective from 1st April, 2019.

#### 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

FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2020

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
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	39.00%
	b. Ball Mill-Machinery / Spares	28230	17.00%
2	Material Handling and Conveying Plant / Machinery / Spares	28162	32.00%
3	Projects/ Special Equipments	28299	12.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
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	81.56*	2(46)
3	MBE Coal & Mineral Technology India Private Limited	U27100WB2009PTC137428	Subsidiary	100	2(87)

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

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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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.	6,740,724	3,600,000	10,340,724	82.14%	6,704,711	3,600,000	10,304,711	81.85%	-0.29%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	<b>6,740,724</b>	<b>3,600,000</b>	<b>10,340,724</b>	<b>82.14%</b>	<b>6,704,711</b>	<b>3,600,000</b>	<b>10,304,711</b>	<b>81.85%</b>	<b>-0.29%</b>
<b>(2) Foreign</b>									
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%
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	<b>6,740,724</b>	<b>3,600,000</b>	<b>10,340,724</b>	<b>82.14%</b>	<b>6,704,711</b>	<b>3,600,000</b>	<b>10,304,711</b>	<b>81.85%</b>	<b>-0.29%</b>

## Annexure G

<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	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%
<b>Sub-total (B)(1):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	490,670	-	490,670	3.90%	526,683	-	526,683	4.18%	0.29%
ii) Overseas	1,340,000	-	1,340,000	10.64%	1,340,000	-	1,340,000	10.64%	0.00%
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	149,179	155,900	305,079	2.42%	149,379	155,700	305,079	2.42%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>c) Others (specify)</b>									
Non Resident Indians	25300	25,500	50,800	0.40%	25300	25500	50,800	0.40%	-0.07%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	0	0	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	0	0	-	0.00%	0.00%
Trusts	-	-	-	0.00%	0	0	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	0	0	-	0.00%	0.00%
IEPF Authority	62000	-	62000	0.49%	62000	0	62,000	0.49%	0.00%
<b>Sub-total (B)(2):-</b>	2,067,149	181,400	2,248,549	17.86%	2,103,362	181,200	2,284,562	18.15%	0.29%
<b>Total Public (B)</b>	2,067,149	181,400	2,248,549	17.86%	2,103,362	181,200	2,284,562	18.15%	0.29%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	8,807,873	3,781,400	12,589,273	100.00%	8,808,073	3,781,200	12,589,273	100.00%	0.00%

## (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	McNally Bharat Engineering Company Limited	10,268,698	81.57%	22.68%	10,268,698	81.57%	22.68%	2.50%
2	EMC Limited *	36,013	0.29%	0	36,013	0.29%	0	0.00%
3	Williamson Magor & Co. Limited	36,013	0.29%	0	36,013	0.29%	0	0.00%

\* EMC Limited was reclassified from Promter group to Public category with effect from November 28, 2019

## (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	1-Apr-19		10,268,698	81.57%		0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-20				10,268,698	81.57%
2	Williamson Magor & Co. Limited						
	At the beginning of the year	1-Apr-19		36,013	0.29%	-	0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-20		-		36,013	0.29%
3	EMC Limited *						
	At the beginning of the year	1-Apr-19		36,013	0.29%	-	0.00%
	Changes during the year			No Change		No Change	
	At the end of the year	31-Mar-20		-		36,013	0.29%

\* EMC Limited was reclassified from Promter group to Public category with effect from November 28, 2019

## Annexure G

### (iv) Shareholding Pattern of top ten Shareholders

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

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding	
				No. of shares	% of total shares	No. of shares	% of total shares
<b>1</b>	<b>EIG (Mauritius) Limited</b>						
	At the beginning of the year	1-Apr-19		1,340,000	10.64%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	1,340,000	10.64%
<b>2</b>	<b>Anushika Investments Pvt Ltd</b>						
	At the beginning of the year	1-Apr-19		160,000	1.27%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	160,000	1.27%
<b>3</b>	<b>Swaran Financial Pvt Ltd</b>						
	At the beginning of the year	1-Apr-19		120,000	0.95%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	120,000	0.95%
<b>4</b>	<b>IEPF Authority</b>						
	At the beginning of the year	1-Apr-19		62,000	0.49%		
	Changes during the year			-	0.00%		
				-	0.00%		
	At the end of the year	31-Mar-20				62,000	0.49%
<b>5</b>	<b>Anushreya Investments Pvt.</b>						
	At the beginning of the year	1-Apr-19		55,000	0.44%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-19		-	0.00%	55,000	0.44%
<b>6</b>	<b>Sagun Dealer Pvt. Ltd.</b>						
	At the beginning of the year	1-Apr-18		48,000	0.38%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	48,000	0.38%
<b>7</b>	<b>York Financial Services Pvt Ltd.</b>						
	At the beginning of the year	1-Apr-19		42,000	0.33%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	42,000	0.33%
<b>8</b>	<b>Kailsh Agarwal</b>						
	At the beginning of the year	1-Apr-19		25,000	0.20%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	25,000	0.20%
<b>9</b>	<b>Ridhi Sidhi Distributor Pvt Ltd</b>						
	At the beginning of the year	1-Apr-19		15,000	0.12%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	15,000	0.12%
<b>10</b>	<b>Trade City Barrier Pvt Ltd</b>						
	At the beginning of the year	1-Apr-19		15,000	0.12%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	15,000	0.12%

## Annexure G

### (v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Uttam Tekriwal (CFO)						
	At the beginning of the year	1-Apr-19		200	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31-Mar-20		-	0.00%	200	0.00%

### V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at biggining of the financial year</b>				
i) Principal Amount	16,474.00	4,993.00	-	21,467.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>16,474.00</b>	<b>4,993.00</b>	<b>-</b>	<b>21,467.00</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	80.00	69.00	-	149.00
Net Change	(80.00)	(69.00)	-	(149.00)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	16,394.00	4,924.00	-	21,318.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>16,394.00</b>	<b>4,924.00</b>	<b>-</b>	<b>21,318.00</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration		Name of MD/WTD/ Manager	Total Amount Rs.
	Name			
	Designation			
1	Gross salary		10,439,044.00	10,439,044.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-	-
2	Stock Option		-	-
3	Sweat Equity		-	-
4	Commission		-	-
	- as % of profit		-	-
	- others, specify		-	-
5	Others (PF & other funds)		453,600.00	453,600.00
		Total (A)	10,892,644.00	10,892,644.00

## Annexure G

### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)
		Mr. Nilotpal Roy	Mrs. Kasturi Roy Choudhury	
1	Independent Directors*			
	Fee for attending board / committee meetings	80,000.00	80,000.00	
	Commission	-	-	
	Others, please specify	-	-	
	Total (1)	80,000.00	80,000.00	
2	Other Non-Executive Directors	Mr. Aditya Khaitan	Mr. Srinivash Singh	
	Fee for attending board committee meetings	-	-	
	Commission	-	-	
	Others, please specify	-	-	
	Total (2)	-	-	
	Total (B)=(1+2)	80,000.00	80,000.00	80,000.00
	Total Managerial Remuneration			10,972,644.00
	Overall Ceiling as per the Act*			12,000,000.00

\*The Independent Directors received sitting fees of Rs.20,000 for attending each board meeting. Sitting fees became payable to the independent Directors w.e.f. May 29, 2019

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

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs/Lac)
		Mr. Uttam Tekriwal	Saikat Ghosh	
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,166,760.00	577,192.00	5,743,952.00
	(b) Value of perquisites u/s 17(2) Income-tax Act,	-	-	-
	(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	-	-	-
	<b>Total</b>	<b>5,166,760.00</b>	<b>577,192.00</b>	<b>5,743,952.00</b>

### 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)
<b>A. COMPANY</b>					
Penalty		None			
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty		None			
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty		None			
Punishment					
Compounding					

On behalf of the Board of Directors

## 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 2019-20, the Company has not entered into any transactions that aren't on an arm's length basis within the purview of the provisions of Section 188 of the Companies Act, 2013.

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

- (a) Name(s) of the related party and nature of relationship  
McNally Bharat Engineering Company Limited ( *Holding Company* )
- (b) Nature of contracts/arrangements/transactions  
Purchases of goods & services: - Nil  
Sale of products and services: Rs. 503.31 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: November 10, 2020

**Srinivash Singh**  
*Director*

**Kasturi Roy Choudhury**  
*Director*

## Independent Auditor's Report

### TO THE MEMBERS OF McNALLY SAYAJI ENGINEERING LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### Adverse Opinion

We have audited the accompanying Standalone Financial Statements of McNally Sayaji Engineering Limited (“the Company”), which comprise the Standalone Balance Sheet as at 31<sup>st</sup> March, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “Standalone Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our Report, the aforesaid Standalone Financial Statements do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, its loss (including Other Comprehensive Income), the changes in equity and its cash flows for the year ended on that date.

##### Basis for Adverse Opinion

###### Non-recognition of Interest Expense

The Company has not recognised interest expense on Bank and Inter-Corporate Borrowings amounting to Rs. 2,678 Lakhs and Rs. 631 Lakhs respectively for the year ended 31<sup>st</sup> March, 2020 as referred in Note 47 to the Standalone Financial Statements. As a result, finance costs, liability on account of interest and total comprehensive loss for the financial year ended 31<sup>st</sup> March, 2020 are understated to that extent. This constitutes a material departure from the requirements of Indian Accounting Standard 109 “Financial Instruments”.

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



## Independent Auditor's Report

### Emphasis of Matters

#### a) Material uncertainty related to Going Concern

We draw attention to Note 48 to the Standalone Financial Statements, the Company has reported net loss of Rs. 682 Lakhs during the year ended 31st March, 2020 and its inability to meet its financial commitments/covenants to lenders and various other stakeholders. The Company's management is currently in discussion with the investor and lenders for acceptance of its debt restructuring proposal as informed to us by the Management. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment and expectation of a positive outcome of the restructuring proposal, the Standalone Financial Statements have been prepared on going concern basis.

#### b) Management's assessment of impact of COVID-19

We draw attention to Note 49 to the Standalone Financial Statements which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Company.

#### c) Recognition of Deferred Tax Assets

We draw attention to Note 16 to the Standalone Financial Statements, the Company had recognised deferred tax assets of Rs. 5,397 Lakhs upto 31st March, 2019 expecting adequate future taxable profits to the Company against which the deferred tax assets can be realised, which however is solely dependent on the acceptance of the Company's debt restructuring proposal. However, the Company has not recognised further deferred tax assets for the year ended 31st March, 2020 on prudent basis.

#### d) Corporate Guarantee issued by the Company

We draw attention to Note 50 to the Standalone Financial Statements regarding corporate guarantee issued by the Company in favour of the lenders of the Parent Company, McNally Bharat Engineering Company Limited (MBECL) to the extent of value of fixed assets at Kumardubi Unit-1 having a book value of Rs. 509 Lakhs as on 31st March, 2020. The Review Report of the Holding Company (MBECL) for the nine months ended 31st December, 2019 had expressed material uncertainty as its status of a Going Concern on account of yet awaited acceptance of its debt restructuring proposal by the lenders. As such, provision against the said guarantee in the Standalone Financial Statements has not been considered necessary by the management during the year ended 31st March, 2020.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of utmost significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.



Sr. No.	Key Audit Matter	Auditor's Response to Key Audit Matters
1	<p><b>Revenue Recognition</b></p> <p>(Refer note 1(d) to the Standalone Financial Statements)</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which includes the following:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof.</li> <li>• Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls.</li> <li>• Evaluating the design and implementation of Company's controls in respect of revenue recognition.</li> <li>• Testing the effectiveness of such controls over revenue cut off at year-end.</li> </ul> <p>Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the relevant period.</p>

## Independent Auditor's Report

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholders Information but does not include the Standalone Financial Statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



## INDEPENDENT AUDITORS REPORT

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, including total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls based on our audit.

## INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or Conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

### Other Matter

The Standalone Financial Statements of the Company for the financial year ended 31st March, 2019 were audited by another firm of Chartered Accountants and had expressed a modified opinion vide their Audit Report dated 30th May, 2019 on such Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central

Government in terms of section 143(11) of the Act, we give in the “Annexure A” a statement on the matters specified in the paragraphs 3 and 4 of the Order to the extent applicable.

2. 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) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d) considering the significance of the matter described in the Basis for our Adverse Opinion Section above, in our opinion, the aforesaid Standalone Financial Statements do not comply with the Ind AS specified under Section 133 of the Act;
  - e) the matter described in the Basis for Adverse Opinion Section above, in our opinion, may have an adverse effect on the functioning of the Company;
  - f) on the basis of written representation received from the directors as on 31<sup>st</sup> March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - g) the adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above;
  - h) 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 B”.
  - i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the requirements of Section 197 of the Act.
  - j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in the Standalone Financial Statements (Refer Note 36 to the Standalone Financial Statements);
    - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **V. Singhi & Associates**  
**Chartered Accountants**  
**Firm Registration No. 311017E**

**Place:** Kolkata  
**Date:** 15th July, 2020

**(V. K. SINGHI)**  
**Partner**  
**Membership No. 050051**  
**UDIN:20050051AAAADO2303**

## Annexure A to the Independent Auditor's Report

**Referred to in Paragraph-1 on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Sayaji Engineering Limited on the Standalone Financial Statements for the year ended 31st March, 2020**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given, the records examined and based on the examination of the registered sale deed and indenture provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Standalone Balance Sheet date, except the following:

Particulars of the land and building	Gross Block & Net Block (as at 31 <sup>st</sup> March, 2020) Rs in lakh	Remarks
Freehold land measuring 10.20 acres located at Kumardhubi disclosed as fixed asset in the Standalone Financial Statements	256.16	The title deeds are in the name of McNally Bird Engineering Company Limited, which was renamed as McNally Bharat Engineering Company Limited with effect from 13 <sup>th</sup> December, 1972. The product division of McNally Bharat Engineering Company Limited was demerged in terms of the approval of the Hon'ble Calcutta High Court on 28 <sup>th</sup> July, 2009.

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

Particulars of the land and building	Gross Block & Net Block (as at 31 <sup>st</sup> March, 2020) Rs in lakh	Remarks
Leasehold land measuring 17.82 acres located at Kumardhubi disclosed as fixed asset in the Standalone Financial Statements	421.24	The title deeds are in the name of McNally Bird Engineering Company Limited which was renamed as McNally Bharat Engineering Company Limited with effect from 13th December, 1972. The product division of McNally Bharat Engineering Company Limited was demerged in terms of the approval of the Hon'ble Calcutta High Court on 28th July, 2009.
Leasehold land measuring 5 acres located at Asansol disclosed as fixed asset in the Standalone Financial Statements	330.06	The title deeds are in the name of McNally Bharat Engineering Company Limited. The product division of McNally Bharat Engineering Company Limited was demerged in terms of the approval of the Hon'ble Calcutta High Court on 28th July, 2009.

- (ii) As explained to us, the inventories excluding stocks with third parties were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of inventory lying with third parties, these have substantially been confirmed by them.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any companies, firms, limited liability partnerships or other parties covered in register maintained under Section 189 of the Act. Accordingly, clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of making investments and providing guarantees and securities, as applicable. The Company has not given any loans during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of sections 73 to 76 of the Act and the rules framed thereunder to the extent notified. Accordingly, clause 3(v) of the Order is not applicable.

- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the same as maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether the same are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities. The Company has been regular in depositing undisputed statutory dues like Customs Duty and cess.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.
  - Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2020 on account of disputes are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates to	Amount involved (Rs. in lacs)	Amount unpaid (Rs. in lacs)
Income Tax Act, 1961	Income Tax	Commissioner Income Tax (Appeals)	2009-10 2010-11 2012-13 2014-15	2,370.07	683.84
		Income Tax Appellate Tribunal	2008-09	1,006.56	226.29
Central Excise Act, 1944	Excise Duty	CESTAT, Kolkata	1990-91	6.70	6.70
		Deputy Commissioner, Dhanbad	1992-93 to 1995-96	50.28	50.28
		Assistant Commissioner, Dhanbad	1996-97	28.32	28.32
		Commissioner of Central Excise & Service Tax (Appeals), Siliguri Appeal Commissionerate	2011-12, 2012-13, 2013-14, 2014-15	55.40	51.24



Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates to	Amount involved (Rs. in lacs)	Amount unpaid (Rs. in lacs)
		Commissioner (Appeal), Ranchi	2011-12	32.44	31.14
		Commissioner (Appeals), Baroda	2012-13, 2013-14	46.96	19.96
Finance Act, 1994	Service Tax	Commissioner of Central Excise & Service Tax (Appeals), Siliguri Appeal Commissionerate	2011-12, 2012-13	19.62	15.68
		Assistant Commissioner, Dhanbad	2012-13 to 2015-16	2,239.13	2,239.13
Bihar Finance Act, 1981	Sales Tax	Deputy Commissioner of Commercial Taxes, Chirkunda	1991-92, 1992-93, 2004-05	20.25	20.25
Central Sales Tax 1956	Sales Tax	Commissioner of Commercial Taxes, Ranchi	2006-07 to 2010-11, 2012-13 to 2014-15	2,442.19	2,279.44
Jharkhand Value Added Tax, 2005	Sales Tax	Commissioner of Commercial Taxes, Ranchi	2007-08 to 2008-09, 2012-13 to 2014-15, 2016-17	130.55	121.60
		Joint Commissioner of Commercial Taxes, Dhanbad	2011-12	11.71	9.71
Central Sales Tax, 1956	Sales Tax	Joint Commissioner of Commercial Taxes, Dhanbad	2011-12	156.16	131.16
		Senior Joint Commissioner, (Appeals), Commercial Taxes, Kolkata	2010-11 to 2012-13	490.27	490.27
		West Bengal Taxation Tribunal	2010-11	258.06	258.06



- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of entire loans or borrowings to Banks and the details of continuing default in repayment of loans or borrowings as on 31<sup>st</sup> March, 2020 as provided to us, are as below:

Principal Dues to Banks	Amount of default in repayment (Rs. in Lakhs)
ICICI Bank- Term Loan	2,500
DBS Bank – Term Loan	852
ICICI Bank – Cash Credit	4,006
DBS Bank- Overdraft facilities	1,459
IDBI Bank – Cash Credit	1,500
State Bank of India- Cash Credit	4,006
Kotak Mahindra Bank- Cash Credit	2,068

In addition to the above, the Company has also defaulted in payment of interest amounting to Rs. 2,966 Lakhs on the above borrowings for the year ended 31<sup>st</sup> March, 2020.

The Company has not taken any loan from the Financial Institution or Government nor issued any debentures during the year.

- ix. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Accordingly, clause 3(ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of the books and records, we report that the managerial remuneration has been paid /provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company is in compliance with Sections 177 and 188 of the Act, where applicable for transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable.

- xv. According to the information and explanations given to us and based on our examination of the books and records, we report that the Company has not entered into any non-cash transactions specified under section 192 of the Act with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **V. Singhi & Associates**  
**Chartered Accountants**  
**Firm Registration No. 311017E**

**Place:** Kolkata  
**Date:** 15th July, 2020

**(V. K. SINGHI)**  
**Partner**  
**Membership No. 050051**  
**UDIN:20050051AAAADO2303**

## **Annexure B to the Independent Auditor's Report**

**Referred to in Paragraph 2(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Sayaji Engineering Limited on the Standalone Financial Statements for the year ended 31st March, 2020**

**Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In connection with our audit of the Standalone Financial Statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls with reference to standalone financial statements of McNally Sayaji Engineering Limited ("the Company") as of that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

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, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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, 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 Standalone Financial Statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls with reference to Standalone Financial Statements**

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 the 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 Standalone Financial Statements**

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 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**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2020 based on the internal financial control with reference to financial statements 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 ICAI.

For **V. Singhi & Associates**  
**Chartered Accountants**  
**Firm Registration No. 311017E**

**Place:** Kolkata  
**Date:** 15th July, 2020

**(V. K. SINGHI)**  
**Partner**  
**Membership No. 050051**  
**UDIN:20050051AAAADO2303**

**Standalone Balance Sheet** as at 31st March , 2020

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March 2020	As at 31st March 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	13,078	13,555
Capital Work-in-Progress	4	*	24
Investment Properties	5	361	364
Intangible Assets	6	2	-
<b>Financial Assets</b>			
Investments	7	2,700	2,700
Trade Receivables	8	423	644
Other Financial Assets	11	119	34
Deferred Tax Assets (Net)	16	5,397	5,397
Other Non-current Assets	12	85	104
<b>Total Non-Current Assets</b>		<b>22,165</b>	<b>22,822</b>
<b>Current Assets</b>			
Inventories	13	9,817	10,018
<b>Financial Assets</b>			
Trade Receivables	8	6,714	7,414
Cash and Cash Equivalents	9	502	316
Bank Balances other than above	10	187	271
Other Financial Assets	11	40	27
Current Tax Assets (Net)	15	58	292
Other Current Assets	14	1,489	1,034
<b>Total Current Assets</b>		<b>18,807</b>	<b>19,372</b>
<b>Total Assets</b>		<b>40,972</b>	<b>42,194</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	17	1,259	1,259
<b>Other Equity</b>			
Reserves and Surplus	18	7,040	7,764
<b>Total Equity</b>		<b>8,299</b>	<b>9,023</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	19	-	4,564
Other Financial Liabilities	21	222	-
Employee Benefit Obligations	24	362	163
<b>Total Non-Current Liabilities</b>		<b>584</b>	<b>4,727</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	20	17,963	14,902
<b>Trade Payables</b>			
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises		30	21
B. Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		4,909	5,839
Total outstanding dues of micro enterprises and small enterprises			
Other Financial Liabilities	21	4,832	3,379
Provisions	23	66	69
Employee Benefit Obligations	24	83	309
Other Current Liabilities	25	4206	3,925
<b>Total Current Liabilities</b>		<b>32,089</b>	<b>28,444</b>
<b>Total Liabilities</b>		<b>32,673</b>	<b>33,171</b>
<b>Total Equity and Liabilities</b>		<b>40,972</b>	<b>42,194</b>

**Significant Accounting Policies**

\* amount is below rounding off norm adopted by the Company  
The accompanying notes form an integral part of the Standalone Financial Statements.  
As per our Report of even date.

For **V. Singhi & Associates**  
**Chartered Accountants**  
Firm Registration No. 311017E

(V.K Singhi)  
Partner  
Membership No:050051

Place : Kolkata  
Date : 15th July, 2020

For and on behalf of Board of Directors

(Pradip Kumar Tibdewal)  
Whole Time Director  
DIN: 07877787

(Srinivash Singh)  
Director  
DIN:00789624

(Uttam Tekriwal)  
Chief Financial Officer

(Saikat Ghosh)  
Company Secretary

## Standalone Statement of Profit and Loss for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March 2020	As at 31st March 2019
Revenue From Operations	27	14,229	21,857
Other Income	28	500	1,023
<b>Total Income</b>		<b>14,729</b>	<b>22,880</b>
<b>Expenses</b>			
Cost of Materials Consumed	29	6,842	8,777
Purchases of Stock-in-Trade		-	2,411
Changes in Inventories of Work-in-progress and Finished Goods	30	456	1,414
Employee Benefit Expenses	31	2,458	2,714
Finance Cost	34	448	3,363
Depreciation and Amortisation Expense	32	792	1,247
Other Expenses	33	4,415	4,768
<b>Total Expenses</b>		<b>15,411</b>	<b>24,694</b>
<b>Profit/(Loss) before Tax and Exceptional items</b>		<b>(682)</b>	<b>(1,814)</b>
Exceptional Items	51	-	(2,591)
<b>Profit/(Loss) before Tax</b>		<b>(682)</b>	<b>(4,405)</b>
Income Tax Expense	35		
- Current tax		-	
- Deferred Tax Charge/(Credit)		-	(1,150)
<b>Total Tax Expense</b>		<b>-</b>	<b>(1,150)</b>
<b>Profit/(Loss) for the Year</b>		<b>(682)</b>	<b>(3,255)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(57)	(115)
Income Tax relating to the item	35	15	30
<b>Other Comprehensive Income for the year, net of Tax</b>		<b>(42)</b>	<b>(85)</b>
<b>Total Comprehensive Income for the year</b>		<b>(724)</b>	<b>(3,340)</b>
Earnings per share	41		
(Face Value Rs 10/- each):			
- Basic		(5.42)	(27.30)
- Diluted		(5.42)	(27.30)

Significant Accounting Policies

1

The accompanying notes form an integral part of the Standalone Financial Statements  
As per our Report of even date

For **V. Singhi & Associates**  
Chartered Accountants  
Firm Registration No; 311017E

For and on behalf of Board of Directors

(V.K Singhi)  
Partner  
Membership No:050051

(Pradip Kumar Tibdewal)  
Whole time Director  
DIN: 07877787

(Srinivash Singh)  
Director  
DIN:00789624

Place : Kolkata  
Date :15th July, 2020

Uttam Tekriwal  
Chief Financial Officer

Saikat Ghosh  
Company Secretary

**Standalone Statement of Changes in Equity for the year ended 31st March, 2020***(All amounts in Rs lakhs, unless otherwise stated)***A EQUITY SHARE CAPITAL**

	Notes	Amount
As at 1st April 2018	17	1079
Changes		180
As at 31st March 2019	17	1259
Changes		-
<b>As at 31st March, 2020</b>	<b>17</b>	<b>1,259</b>

**B OTHER EQUITY**

	Compulsorily Convertible Preference Share Capital	Reserves and Surplus				Total
		Securities Premium Reserve	General Reserve	Retained Earnings	Capital Reserve	
Balance as at 1st April, 2018	180	5,712	1,465	(4,188)	8,115	11,284
Profit/ (Loss) for the year	-	-	-	(3,255)	-	(3,255)
Other Comprehensive Income	-	-	-	(85)	-	(85)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(3,340)</b>	-	<b>(3,340)</b>
Conversion of Compulsorily Convertible Preference Shares	(180)	-	-	-	-	(180)
	(180)	-	-	-	-	(180)
Balance as at 31 March, 2019	-	5,712	1,465	(7,528)	8,115	7,764
Profit/ (Loss) for the year	-	-	-	(682)	-	(682)
Other Comprehensive Income	-	-	-	(42)	-	(42)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(724)</b>	-	<b>(724)</b>
Balance as at 31st March 2020	-	5,712	1,465	(8,252)	8,115	7,040

The above Standalone 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 **V. Singhi & Associates**  
Chartered Accountants  
Firm Registration No; 311017E

For and on behalf of Board of Directors

(V.K Singhi)  
Partner  
Membership No:050051

Pradip Kumar Tibdewal  
Whole time Director  
(DIN: 07877787)

Srinivash Singh  
Director  
(DIN:00789624)

Place : Kolkata  
Date :15th July, 2020

Uttam Tekriwal  
Chief Financial Officer

Saikat Ghosh  
Company Secretary

## Standalone Statement of Cash Flows for the year ended 31st March , 2020

(All amounts in Rs lakhs, unless otherwise stated)

	Year ended 31st March 2020	Year ended 31st March 2019
<b>Cash flow from operating activities</b>		
Profit/(Loss) before Tax	(682)	(4,405)
Adjustments for :-		
Depreciation and Amortisation Expense	792	1,247
Loss / (Gain) on Sale of Fixed Assets (Net)	-	(5)
Interest Income	(96)	(21)
Finance Costs	448	3,363
Allowance for Doubtful Debts — Trade Receivables / Other Assets	315	317
Bad Debts written off	1	7
Advances written off	27	12
Liabilities no longer required written back	(246)	(373)
Provision no longer required written back	-	(395)
Advance written back	(65)	(112)
Provision for Warranty	(3)	(16)
Net exchange differences	4	*
<b>Cash flow from operating activities before change in operating assets and liabilities</b>	<b>495</b>	<b>(381)</b>
Decrease / (Increase) in Trade Receivables and Other Assets	39	1,484
Decrease / (Increase) in Inventories	201	3,796
Increase / (Decrease) in Trade & Other Payables	12	(3,722)
Increase / (Decrease) in Employee Benefit Obligations	(70)	(40)
<b>Cash generated from operations</b>	<b>677</b>	<b>1,137</b>
Income taxes (paid) / received	234	(4)
Net cash inflow from operating activities	<b>911</b>	<b>1,133</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(285)	(80)
Proceeds from sale of Property, Plant and Equipment	1	16
Interest received	96	21
Fixed Deposit Matured/(Placed)	87	(119)
Net cash inflow (outflow) from investing activities	<b>(101)</b>	<b>(162)</b>
<b>Cash flows from financing activities</b>		
Repayment of Borrowings	(82)	(366)
Interest paid	(475)	(2,880)
Net increase (decrease) in Cash Credit Facilities including WCCL	(67)	2,261
Net cash outflow from financing activities	<b>(624)</b>	<b>(985)</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>186</b>	<b>(14)</b>
Cash and Cash Equivalents at opening of the year	316	330
Cash and Cash Equivalents at end of the year	502	316
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>		
Cash and cash equivalents as per above comprise of the following	<b>31st Mar 20</b>	<b>31st Mar 19</b>
Cash and cash equivalents	502	316
<b>Balances per Statement of Cash Flows</b>	<b>502</b>	<b>316</b>

1. The above Standalone Statement of Cash Flow has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flows'.

2. Previous year figures have been rearranged/regrouped wherever necessary.

This is the Standalone Statement of Cash Flows referred to in our Report of even date

For V. Singhi & Associates  
Chartered Accountants  
Firm Registration No; 311017E

For and on behalf of Board of Directors

(V.K Singhi)  
Partner  
Membership No:050051

(Pradip Kumar Tibdewal)  
Whole time Director  
(DIN: 07877787)

(Srinivash Singh)  
Director  
(DIN:00789624)

Place : Kolkata  
Date :15th July, 2020

Uttam Tekriwal  
Chief Financial Officer

Saikat Ghosh  
Company Secretary



## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

Note 3: Property, Plant and Equipment												
(All amounts in Rs lakhs, unless otherwise stated)												
Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT			
	As at 1st April, 2019	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2020	Upto 31st March, 2019	For the year	Adjustment	Sale/ Disposal	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
Lease hold Land	2,529	-	-	-	2,529	195	21	-	-	216	2,313	2,334
Free hold Land	289	-	-	-	289	-	-	-	-	-	289	289
Building	13,355	1	-	-	13,356	3,776	435	-	-	4,210	9,146	9,579
Plant and Machinery	8,530	43	-	225	8,348	7,320	254	-	225	7,349	999	1,210
Plant and Machinery - Windmill	764	-	-	-	764	704	33	-	-	737	27	60
Furniture and Fixture	340	1	-	1	340	297	21	-	1	317	23	43
Refrigerators and Air Conditioners	87	*	-	*	87	67	*	-	*	67	20	20
Office Equipments	238	7	-	4	241	233	(3)	-	4	226	15	5
Motor Vehicles	51	6	-	-	57	36	3	-	-	39	18	15
Right to Use Assets	-	-	253	-	253	-	25	-	-	25	228	-
<b>As at 31 March 2020</b>	<b>26,183</b>	<b>310</b>	<b>-</b>	<b>230</b>	<b>26,264</b>	<b>12,628</b>	<b>788</b>	<b>-</b>	<b>230</b>	<b>13,186</b>	<b>13,078</b>	<b>13,555</b>

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

a) 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 31.03.2020 of Rs. 509.31.03.2019 Rs. 523) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit - I) (Refer Note 36)

b) The Company has adopted Ind AS 116 'Leases' effective from April 1, 2019 and applied the Standard to its leases, pursuant to which it has classified its leased asset as Right of Use Assets.

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT			
	As at 1st April, 2018	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2019	Upto 31st March, 2018	For the year	Adjustment	Sale/ Disposal	Upto 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Lease hold Land	2,518	-	11	-	2,529	171	24	-	-	195	2,334	2,347
Free hold Land	289	-	-	-	289	-	-	-	-	-	289	289
Building	13,355	-	-	-	13,355	3,301	475	-	-	3,776	9,579	10,054
Plant and Machinery	8,592	28	-	90	8,530	6,776	622	-	78	7,320	1,210	1,816
Plant and Machinery - Windmill	764	-	-	-	764	653	51	-	-	704	60	111
Furniture and Fixture	339	1	-	0	340	266	31	-	0	297	43	73
Refrigerators and Air Conditioners	87	0	-	-	87	67	0	-	-	67	20	20
Office Equipments	236	3	-	1	238	228	6	-	1	233	5	8
Motor Vehicles	57	-	-	6	51	38	4	-	6	36	15	19
<b>As at 31 March 2019</b>	<b>26,237</b>	<b>32</b>	<b>11</b>	<b>97</b>	<b>26,183</b>	<b>11,500</b>	<b>1,213</b>	<b>-</b>	<b>85</b>	<b>12,628</b>	<b>13,555</b>	<b>14,737</b>

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

(a) 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 31.03.2019 of Rs. 523.31.03.2018 Rs. 707) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit - I) (Refer Note 36).

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 4: Capital Work-in-Progress</b>		
	31st Mar 2020	31st Mar 2019
<b>Capital Work-in-Progress</b>	*	24

\* amount is below rounding off norm adopted by the Company

<b>Note 5: Investment Properties [Leasehold land]</b>		
	31st Mar 2020	31st Mar 2019
<b>Gross Carrying Amount</b>		
Opening Gross Carrying Amount / Deemed cost	397	408
Disposals / Adjustments	-	(11)
<b>Closing Gross Carrying Amount</b>	<b>397</b>	<b>397</b>
<b>Accumulated Amortization</b>		
Opening Balance	33	30
For the Year	3	3
<b>Closing Accumulated Amortization</b>	<b>36</b>	<b>33</b>
<b>Net Carrying Amount</b>	<b>361</b>	<b>364</b>

(i) Amount recognised in the Standalone Statement of Profit and Loss for Investment Properties

	31st Mar 2020	31st Mar 2019
Rental Income (included under Other Income - Note 28)(Refer Note -46)	48	48
Direct operating expenses on property that generated rental income	5	5
<b>Profit from Investment Properties before Amortization</b>	<b>43</b>	<b>43</b>
Amortization	3	3
<b>Profit from Investment Properties</b>	<b>40</b>	<b>40</b>

(ii) Leasing Arrangements

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

(iii) Fair value

	31st Mar 2020	31st Mar 2019
Investment Properties	2,250	2,250

### 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 the 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 forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 6: Intangible Assets

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED AMORTISATION				NET CARRYING AMOUNT	
	As at 1st April, 2019	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2020	Upto 31st March, 2019	For the year	Sale/ Adjustment	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
Design and Drawings	2,250	-	-	-	2,250	2,250	-	-	2,250	-	-
Computer Software	192	3	-	-	195	192	1	-	193	2	-
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
	<b>2,462</b>	<b>3</b>	-	-	<b>2,465</b>	<b>2,462</b>	<b>1</b>	-	<b>2,463</b>	<b>2</b>	-

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

\* amount is below rounding off norm adopted by the company

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 7 : Non-Current Investments

	31st Mar 2020	31st Mar 2019
<b>Investment in Equity Instruments (fully paid-up)</b>		
<b>Unquoted</b>		
<b>Investment in Subsidiary</b>		
349,323 (31st March 2019 : 349,323) Equity Shares of Rs. 10/- each of MBE Coal & Mineral Technology India Private Limited	2,700	2,700
<b>Total Non-current Investments</b>	<b>2,700</b>	<b>2,700</b>
Aggregate amount of Unquoted Investments	2,700	2,700

Working Capital Demand Loan availed by the holding company, McNally Bharat Engineering Company Limited from Axis Bank Ltd had been sanctioned against additional security of Equity shares held in MBE Coal & Mineral Technology India Private Limited by the Company .

### Note 8 : Trade Receivables

	31st Mar 2020	31st Mar 2019
Receivables Considered Good-Unsecured	7,137	8,058
Receivables-Credit Impaired	2,504	2,189
Less: Allowance for credit impaired receivables	(2,504)	(2,189)
<b>Total Receivables</b>	<b>7,137</b>	<b>8,058</b>
Current portion	6,714	7,414
Non-current portion#	423	644

#Represents retention debtors receivable beyond twelve months from 31st March, 2020

### Note 9 : Cash and Cash Equivalents

	31st Mar 2020	31st Mar 2019
Balances with Banks		
- in Current Accounts	497	135
Deposits with maturity of less than three months @	-	175
Cash on hand (as certified by the Management)	5	6
<b>Total Cash and Cash equivalents</b>	<b>502</b>	<b>316</b>
Amount under lien @	-	12

### Note 10: Other Bank Balances

	31st Mar 2020	31st Mar 2019
Bank deposits with original maturity greater than three months and maturing within twelve months	187	271
<b>Total Other Bank Balances</b>	<b>187</b>	<b>271</b>
Amount under lien	187	271

### Note 11: Other Financial Assets

Unsecured, Considered Good	31st Mar 2020			31st Mar 2019		
	Non-Current	Current	Total	Non-Current	Current	Total
Bank deposits with original maturity greater than twelve months	25	-	25	-	-	-
Security Deposits	8	-	8	-	-	-
Balance with Government/Amount recoverable from Government	15	-	15	15	-	15
Earnest Money Deposit	73	40	113	21	27	48
Less: 'Doubtful Earnest Money Deposit'	(2)	-	(2)	(2)	-	(2)
<b>Total Other Financial Assets</b>	<b>119</b>	<b>40</b>	<b>159</b>	<b>34</b>	<b>27</b>	<b>61</b>
Amount under lien	25	-	-	-	-	-

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 12: Other Non Current Assets</b>		
	31st Mar 2020	31st Mar 2019
	Non Current	Non Current
Security Deposits - considered good	85	104
<b>Total Other Non Current Assets</b>	<b>85</b>	<b>104</b>

<b>Note 13: Inventories [Refer Note 1 J]</b>		
	31st Mar 2020	31st Mar 2019
Raw Materials	1,839	1,787
Work-in-Progress	6,858	7,376
Finished Goods	62	-
Stores and Spares	997	791
Loose Tools	61	64
<b>Total Inventories</b>	<b>9,817</b>	<b>10,018</b>

<b>Note 14: Other Current Assets</b>		
	31st Mar 2020	31st Mar 2019
Unsecured, considered good, unless stated otherwise		
Balance with Government Authorities *	655	482
Advance for goods and services	702	387
Others	132	165
Advance To Employees	24	22
Prepaid Expenses	47	88
Security Deposits	61	55
<b>Total Other Current Assets</b>	<b>1,489</b>	<b>1,034</b>

\*During the year, ITC of Rs.10 Lacs has been blocked by Department of GST, West Bengal.

<b>Note 15: Current Tax Assets (Net)</b>		
	31st Mar 2020	31st Mar 2019
Opening Balance	292	287
Add : Advance tax paid during year (including tax deducted at source)	19	5
Less : Refund received during the year	253	-
<b>Closing Balance</b>	<b>58</b>	<b>292</b>

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 16: Deferred Tax Assets (Net)</b>						
		31st Mar 2020			31st Mar 2019	
<b>The balance comprises temporary differences attributable to:</b>						
<b>Deferred Tax Asset on account of</b>						
Unabsorbed Tax Depreciation/Loss		5,540			5,540	
Items allowable for tax purpose on payment basis		123			123	
Allowance for doubtful debts and doubtful advances		565			565	
Others		21			21	
<b>Total Deferred Tax Assets</b>		<b>6,249</b>			<b>6,249</b>	
<b>Deferred Tax Liability on account of</b>						
Property, Plant and Equipment, Investment Property and Intangible Assets		(847)			(847)	
Others		(5)			(5)	
<b>Total Deferred Tax Liabilities</b>		<b>(852)</b>			<b>(852)</b>	
<b>Net Deferred Tax Assets</b>		<b>5,397</b>			<b>5,397</b>	
<b>Movements in deferred tax liabilities</b>						
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
<b>At 31 March 2018</b>	<b>4,583</b>	<b>124</b>	<b>423</b>	<b>(972)</b>	<b>59</b>	<b>4,217</b>
Charged/(credited):						
- to profit or loss	957	(31)	142	125	(43)	1,150
- to other comprehensive income		30				30
<b>At 31 March 2019</b>	<b>5,540</b>	<b>123</b>	<b>565</b>	<b>(847)</b>	<b>16</b>	<b>5,397</b>
Charged/(credited):						
- to profit or loss	-	-	-	-	-	-
- to other comprehensive income	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>5,540</b>	<b>123</b>	<b>565</b>	<b>(847)</b>	<b>16</b>	<b>5,397</b>

### Significant Estimates

The Company had recognised Deferred Tax Assets amounting to Rs. 5,397 Lakhs as on 31st March, 2019 which the Company is also carrying as on March 31, 2020, The Company believes that based on the infusion of fresh funds by the investors coming to the Company and the lenders support on the debt restructuring proposal, there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Company has not recognised Deferred Tax Assets during the financial year ended 31st March, 2020 on prudent basis.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

### Note 17: Equity Share Capital

	31st Mar 2020		31st Mar 2019	
	Number of shares	Amount	Number of shares	Amount
<b>(i) Authorised</b>				
Equity Shares of Rs.10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Preference Shares of Rs. 10/- each	40,00,000	400	40,00,000	400

	31st Mar 2020		31st Mar 2019	
	Number of shares	Amount	Number of shares	Amount
<b>(ii) Issued, Subscribed and Paid up</b>				
<b>Equity Shares</b>				
Equity Shares of Rs.10/- each	1,25,89,273	1,259	1,25,89,273	1,259
3455529 Equity Shares(31st March 2019:3455529 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement.				
3600000 Equity Shares(31st March 2019:3600000 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to conversion of Compulsorily Convertible Preference Shares	-	-	-	-
		1,259		1,259

	31st Mar 2020		31st Mar 2019	
	Number of shares		Number of shares	
<b>(iii) Equity Shares are held by the holding company</b>	1,02,68,698		1,02,68,698	

#### (iv) Reconciliation of shares

	31st Mar 2020		31st Mar 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	1,25,89,273	1,259	1,07,89,273	1,079
Add: Equity Shares issued in lieu of conversion	-	-	18,00,000	180
Shares outstanding at the end of the year#	<b>1,25,89,273</b>	<b>1,259</b>	<b>1,25,89,273</b>	<b>1,259</b>
<b>Compulsory Convertible Preference Shares</b>				
Shares outstanding at the beginning of the year	-	-	18,00,000	180
Issued				
Less: Conversion in to Equity Shares	-	-	(18,00,000)	(180)
<b>Shares outstanding at the end of the year</b>	-	-	-	-

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

#### (v) Terms/Rights attached to Equity Shares

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

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

	31st Mar 2020		31st Mar 2019	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited \$	1,02,68,698	81.56	1,02,68,698	81.56
EIG (Mauritius) Limited	13,40,000	10.64	13,40,000	10.64

\$ Includes Equity Shares pledged by Holding Company, McNally Bharat Engineering Company Limited, as security for term loan from ICICI Bank Limited- 23,37,211 Equity Shares (31 March 2019: 23,37,211 Equity Shares)

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 18: Other Equity</b>		
	31st Mar 2020	31st Mar 2019
Capital Reserve	8,115	8,115
Securities Premium	5,712	5,712
General Reserve	1,465	1,465
Retained Earnings	(8,252)	(7,528)
<b>Total Reserves and Surplus</b>	<b>7,040</b>	<b>7,764</b>

### (i) Capital Reserve

	31st Mar 2020	31st Mar 2019
As per last Financial Statement	8,115	8,115

### (ii) Securities Premium

	31st Mar 2020	31st Mar 2019
As per last Financial Statement	5,712	5,712

### (iii) General Reserve

	31st Mar 2020	31st Mar 2019
As per last Financial Statement	1,465	1,465

### (iv) Retained Earnings

	31st Mar 2020	31st Mar 2019
As per last Financial Statement	(7,528)	(4,188)
Net profit / (loss) for the year	(682)	(3,255)
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	(42)	(85)
<b>Closing Balance</b>	<b>(8,252)</b>	<b>(7,528)</b>

#### Nature & Purpose of Other Reserves

- Capital Reserve**  
Represents the amount transferred from the transferor company pursuant to Scheme of Amalgamation.
- Securities Premium Reserve**  
Securities Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.
- General Reserve**  
General Reserve is created and utilised in compliance with the provisions of the Act.

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 19: Non-Current Borrowings</b>		
	31st Mar 2020	31st Mar 2019
<b>Secured Loans</b>		
<b>Term Loans</b>		
From Banks	3,352	3,362
From Others	4	6
<b>Total Non-Current Borrowings</b>	<b>3,356</b>	<b>3,368</b>
Less: Current maturities of long-term debt (included in note 21)	3,356	2,001
	-	<b>1,367</b>
Inter - Corporate Deposits	3,197	3,197
Less: Reclassified to Current Borrowings (included in note 20)	3,197	-
<b>Non-Current Borrowings</b>	<b>-</b>	<b>4,564</b>



## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

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

#### Nature of Security

i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 lacs (31.03.2019 Rs. 2,487/- lacs) 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.

ii. Year end term loan balance from DBS Bank Ltd. of Rs 852 lacs (31.03.2019 Rs. 875/- lacs) 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.

iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 4 lacs (31.03.2019 Rs. 6 Lacs) to be secured by hypothecation of motor vehicles acquired out of the loan.

#### Terms of Repayment and Rate of Interest

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.

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.

Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% to 9.75% p.a.

B) The Company has been categorised as Non-Performing Asset by the lender banks, consequently, some of the lender banks have stopped debiting interest on their debts. Having defaulted in the servicing of its debts as per the existing contractual terms, the Company has submitted debt resolution plan to its lenders which is in the process of final consideration of the lender banks. The details of continuing defaults at the year end in respect of Non-Current Borrowings (including current maturities of long term debts shown under Note 21) are as follow :

Particulars	Principal	Interest*
<b>Term Loans from Banks</b>		
-ICICI Bank	2,500	107
-DBS Bank	852	50
<b>Total Term Loan- Default</b>	<b>3,352</b>	<b>157</b>

\*In addition to the above, the amount of interest expense not provided in the books of account on the above borrowings for the year ended 31st March, 2020 is **Rs. 542 Lakhs**.

### Note 20: Current Borrowings

	31st Mar 2020	31st Mar 2019
<b>Secured Loans from Banks Cash Credit Limits</b>		
Repayable on demand #	13,039	13,106
<b>Unsecured Loans</b>		
Inter - Corporate Deposits	4,924	1,796
<b>Total Current Borrowings</b>	<b>17,963</b>	<b>14,902</b>

Also refer Note 19 (B)

#### Nature of Security on Secured Loans availed from Banks

# Cash Credit facilities are secured by first pari passu charge on entire current assets of the Company. These facilities are 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.

#### Details of Default of Current Borrowings

Particulars	Principal	Interest*
<b>Loan from Bank Repayable on Demand</b>		
-ICICI Bank	4,006	-
-DBS Bank	1,459	66
-IDBI Bank	1,500	65
-State Bank of India	4,006	-
-Kotak Mahindra Bank	2,068	-
<b>Total Loan from Bank Repayable on Demand -Default</b>	<b>13,039</b>	<b>131</b>
<b>Total Inter-Corporate Loans- Default</b>	<b>4,924</b>	<b>66</b>

\*In addition to the above, the amount of interest expense not provided in the books of account on the above bank borrowings for the year ended 31st March, 2020 is Rs. 2,136 Lakhs and Rs. 631 Lakhs on Inter-Corporate Borrowings.

### Amendments to Ind AS 7 Statement of Cashflows: Disclosure Initiatives

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

Particulars		01-Apr-19	Cash Flow	Other Adjustments ^	31-Mar-20
Borrowings (Non-current and current maturities of long term debts)	@	6,565	(12)	(3,197)	3,356
Borrowings (current)	*	14,902	(137)	3,197	17,963
<b>Total</b>	\$	<b>21,467</b>	<b>(149)</b>	<b>0</b>	<b>21,319</b>

\$ Refer standalone Statement of Cash Flows

^ Other Adjustments indicate re-classification of Non-Current Inter-Corporate Deposits into Current Inter-Corporate Deposits.

@ Refer Note 19 and Note 21

\*Refer Note 20

Particulars		01-Apr-18	Cash Flow	Other Adjustments ^	31-Mar-19
Borrowings (Non-current and current maturities of long term debts)	@	4,734	1,833	-	6,565
Borrowings (current)	*	14,840	62	-	14,902
<b>Total</b>	\$	<b>19,574</b>	<b>1,895</b>	<b>-</b>	<b>21,467</b>

\$ Refer standalone Statement of Cash Flows

@ Refer Note 19 and Note 21

\*Refer Note 20

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 21: Other Financial Liabilities</b>		
	31st Mar 2020	31st Mar 2019
<b>Non Current</b>		
Lease Obligation	222	-
<b>Total Non Current</b>	<b>222</b>	<b>-</b>
<b>Current</b>		
Current maturities of long-term debt	3,356	2,001
Interest accrued and due on Borrowings @	354	603
Employee Benefits Payable	285	210
Lease Obligation	8	-
Capital Creditors	18	18
Liability for Other Expenses \$	811	547
<b>Total Current</b>	<b>4,832</b>	<b>3,379</b>
<b>Total Other Financial Liabilities</b>	<b>5,054</b>	<b>3,379</b>

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

\* rounding off norms adopted by the Company

@ For interest accrued and due on bank borrowings as at 31st March 2020, refer Note 19 B

<b>Note 22: Trade Payables</b>		
	31st Mar 2020	31st Mar 2019
<b>Trade Payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 43)	30	21
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,909	5,839
<b>Total Trade Payables</b>	<b>4,939</b>	<b>5,860</b>

<b>Note 23: Provisions</b>		
	31st Mar 2020	31st Mar 2019
Warranty	66	69
<b>Total</b>	<b>66</b>	<b>69</b>

### (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 claims 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 2020, this particular provision had a carrying amount of Rs 66 lakhs (31.03.2019 Rs 69 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 7 lakhs higher or lower (31.03.2019 Rs 7lakhs higher or lower).

### (ii) Movements in provisions

	31st Mar 2020	31st Mar 2019
Balance as at the beginning of the year	69	81
Amount used	3	12
<b>Balance as at the end of the year</b>	<b>66</b>	<b>69</b>

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 24: Employee Benefit Obligations

	31st Mar 2020			31st Mar 2019		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	74	313	387	291	-	291
Compensated Absence	9	41	50	16	153	169
Longterm service Award	-	8	8	2	10	12
<b>Total Employee Benefits Obligations</b>	<b>83</b>	<b>362</b>	<b>445</b>	<b>309</b>	<b>163</b>	<b>472</b>

#### (i) Post-employment obligations

##### a) Gratuity

In keeping with the Company's gratuity scheme, eligible employees are entitled for gratuity benefit as per The Payment of Gratuity Act, 1972 on retirement / death / incapacitation / termination etc. Also refer Note 2.21.3 for accounting policy related to gratuity. The following Table sets forth the particulars in respect of the Defined Benefit Plans (funded) :

	Present value of obligation	Fair value of plan assets	Net amount
<b>As at 1st April, 2018</b>	<b>508</b>	<b>(284)</b>	<b>224</b>
Current service cost	31	-	31
Interest expense/(income)	33	(22)	11
<b>Total amount recognised in profit or loss</b>	<b>64</b>	<b>(22)</b>	<b>42</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	3	3
(Gain)/loss from change in financial assumptions			
Experience (gains)/losses	3	-	3
<b>Total amount recognised in Other Comprehensive Income</b>	<b>109</b>	<b>-</b>	<b>109</b>
Employer contributions/premiums paid	112	3	115
Benefit payments	-	(90)	(90)
	(152)	152	-
<b>As at 31st March, 2019</b>	<b>532</b>	<b>(241)</b>	<b>291</b>
<b>As at 1st April, 2019</b>	<b>532</b>	<b>(241)</b>	<b>291</b>
Current service cost	33	-	33
Interest expense/(income)	41	(16)	25
<b>Total amount recognised in profit or loss</b>	<b>74</b>	<b>(16)</b>	<b>58</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in financial assumptions			
Experience (gains)/losses	21	-	21
<b>Total amount recognised in other comprehensive income</b>	<b>35</b>	<b>-</b>	<b>35</b>
Employer contributions/premiums paid	56	1	57
Benefit payments	-	(19)	(19)
	(75)	75	-
<b>As at 31st March, 2020</b>	<b>587</b>	<b>(200)</b>	<b>387</b>

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

	31st Mar 2020	31st Mar 2019
Present value of funded obligations	587	532
Fair value of plan assets	(200)	(241)
Deficit of funded plans	387	291

#### 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:

	31st Mar 2020	31st Mar 2019
Discount rate	7.00%	7.70%
Salary escalation rate	4%	4%
Withdrawal rate	1% to 8%	1% to 8%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate	

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

The contribution expected to be made by the Company for the year ended March 31, 2021 is not readily ascertainable.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 27: Revenue from Operations</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
Sale of Products	13,596	21,071
Sale of Services	360	258
Other Operating Revenue	273	528
<b>Total Revenue from Operations</b>	<b>14,229</b>	<b>21,857</b>

<b>Note 28: Other Income</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
Rental Income	48	48
Interest Income from Financial Assets at Amortised Cost	96	21
Provision no longer required written back	-	395
Liability no longer required written back	246	373
Advance Written Back	65	112
Profit on Sale of Property, Plant and Equipment	(0)	5
Net Foreign Exchange Gain	1	1
Miscellaneous Income	44	68
<b>Total Other Income</b>	<b>500</b>	<b>1,023</b>

<b>Note 29: Cost of Materials Consumed</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
Raw Materials at the beginning of the year	1,787	1,534
Add: Purchases	6,894	9,030
Less: Raw Material at the end of the year	1,839	1,787
<b>Total Cost of Materials Consumed</b>	<b>6,842</b>	<b>8,777</b>

<b>Note 30: Changes in Inventories of Work-in-Progress and Finished Goods</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
<b>Opening balance</b>		
Work-in progress ( net of provisions)*	7,376	11,199
Finished Goods	-	155
<b>Total opening balance</b>	<b>7,376</b>	<b>11,354</b>
<b>Closing balance</b>		
Work-in progress	6,858	9,940
Finished Goods	62	-
<b>Total closing balance</b>	<b>6,920</b>	<b>9,940</b>
<b>Total Changes in Inventories of Work-in-Progress and Finished Goods</b>	<b>456</b>	<b>1,414</b>

\*Work-in progress as at 1st April 2020 Rs 7,376 is net of provision of Rs 2,564 made during 2018-19 as an exceptional item. (Refer Note 51)

<b>Note 31: Employee Benefits Expenses</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
Salaries, Wages and Bonus	2,109	2,418
Contribution to Provident and Other Funds	234	200
Staff Welfare Expenses	116	96
<b>Total Employee Benefits Expenses</b>	<b>2,458</b>	<b>2,714</b>

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

### Expected Payout

The weighted average duration for 2019-20 of the defined benefit obligation is 4.53 years (March 31, 2019 : 4.69 years).

The expected maturity analysis of undiscounted gratuity is as follows

	31st Mar 2020	31st Mar 2019
Less than a year	116	79
Between 1 to 2 years	133	217
Between 2 to 5 years	232	201
More than 5 Years	430	424
<b>Total</b>	<b>911</b>	<b>921</b>

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

Sensitivity Analysis	31st Mar 2020	31st Mar 2019
Under Base scenario	585	530
Increase in discount rate by 1%	557	505
Decrease in discount rate by 1%	617	559
Increase in salary escalation by 1%	618	560
Decrease in salary escalation by 1%	555	503
Increase in Withdrawal rate by 1%	590	524
Decrease in Withdrawal rate by 1%	579	537

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 Standalone Balance Sheet.

### Risk exposure

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

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the interest rate on plan assets will increase the plan liability.
Life expectancy	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

### b) Provident Fund

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

In terms of the Guidance 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 Credit 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.134 lakhs ( 2018-19 Rs. 136 lakhs) to the Provident Fund Trust has been expensed under the " Contribution to Provident and Other Funds" in Note 31. Disclosures given hereunder are restricted to the information available as per the Actuary's report -

#### Principal Actuarial assumptions used:

	31st Mar 2020	31st Mar 2019
Discount rate	7.00%	7.70%
Expected Return on Exempted Fund	8.50%	8.65%

#### (ii) Post Employment Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expense in Statement of Profit and Loss for the year is as under:

Particulars	31st Mar 2020	31st Mar 2019
Employer's Contribution to Provident Fund	115	109

#### (iii) Compensated Absence

As a measure of curtailing Company's financial expenses/liabilities ,the benefit to the management personnel on account of payments towards leave encashment has been discontinued.Accordingly ,the amount of provision towards leave encashment of Rs 128 lakhs till March 2019 has been written back in the current financial year based on management decision.

### Note 25: Other Current Liabilities

	31st Mar 2020	31st Mar 2019
Advance received from customers	4,143	3,904
Dues payable to government authorities	63	21
<b>Total other current liabilities</b>	<b>4,206</b>	<b>3,925</b>

### Note 26

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



## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 32: Depreciation and Amortisation Expense</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation on Property, Plant and Equipment	788	1,213
Depreciation on Investment Properties	3	3
Amortisation of Intangible Assets	1	31
<b>Total Depreciation and Amortisation Expense</b>	<b>792</b>	<b>1,247</b>

<b>Note 33: Other Expenses</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
Consumption of Stores and Spares	504	1,180
Fabrication and Other Charges	1,467	1,126
Power	286	288
Repairs and Maintenance		
To Plant and Machinery	68	70
To Buildings	22	15
To Others	53	71
Professional Fees	381	241
Rental Charges	9	57
Subscriptions and Donations	1	1
Rates and Taxes	42	39
Insurance	40	40
Freight	454	231
Travel and Conveyance	361	338
Director Fees	2	
Royalty	16	7
Commission Expenses	34	88
Bad Debts written off	1	7
Liquidated Damages Expenses	0	10
Allowance for Doubtful Debts — Trade Receivables / Other Assets	315	317
Advances Written Off	27	12
Provision for Warranty	(3)	(16)
Net Loss on Foreign Currency Transactions/Translations	5	(1)
Miscellaneous Expenses (refer note 33 (a) below)	330	647
<b>Total Other Expenses</b>	<b>4,415</b>	<b>4,768</b>

<b>Note 33(a): Miscellaneous Expenses includes</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
<b>Auditors Remuneration</b>		
As Auditors (including Limited Review)	27	42
<b>Total Auditors Remuneration</b>	<b>27</b>	<b>42</b>

### **Note 33(b): Corporate Social Responsibility**

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

<b>Note 34: Finance Cost</b>		
	Year ended 31st March 2020	Year ended 31st March 2019
On Banks Borrowing	404	3,137
Other borrowing cost	44	226
<b>Total Finance Cost</b>	<b>448</b>	<b>3,363</b>

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 35: Income Tax Expense

This note provides an analysis of the Company's income tax expense, shows 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.

	31st March 2020	31st March 2019
<b>(a) Income Tax Expense</b>		
Current tax	-	-
Current tax on profits for the year	-	-
<b>Total Current Tax Expense</b>	-	-
Deferred Tax	-	-
Decrease (increase) in deferred tax assets	-	(1,049)
(Decrease) increase in deferred tax liabilities	-	(131)
<b>Total Deferred Tax Charge / (credit)</b>	-	(1,180)
<b>Income Tax Expense</b>	-	(1,180)
-through Profit and Loss	-	(1,150)
-through Other Comprehensive Income	(15)	(30)

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

	31st March 2020	31st March 2019
Profit/(Loss) before Income Tax Expense	(682)	(4,405)
Other Comprehensive Income	(57)	(115)
	<b>(739)</b>	<b>(4,520)</b>
<b>Tax at the Indian tax rate of 31.2% (2018-19 — 31.2%)</b>	-	-
Add : Deferred Tax Asset created for Unabsorbed business loss	-	(957)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	-	1
Disallowance for doubtful debts and doubtful advances	-	(142)
Change in carrying value of assets under Income tax and books	-	(125)
Others	-	43
<b>Income Tax Expense</b>	-	<b>(1,180)</b>

### Note 36: Contingent Liabilities

	31st March 2020	31st March 2019
<b>(a) Claims against the Company not acknowledged as debts :-</b>		
Excise Duty & Service Tax matters under dispute	2,479	2,479
Sales Tax and Value Added Tax matters under dispute	3,509	3,509
Income-tax matters	979	979
Other demands related to claims made by certain ex-employees towards employee benefits due to them	41	41
Civil Suits filed by Customer for Equipment issue	117	117
Civil Suits filed by Suppliers	132	132
Demand from Jharkhand Mineral Area Development Authority	1,055	1,055
	<b>8,312</b>	<b>8,312</b>
<b>(b) Others</b>		
Performance Bank Guarantees[Limit Rs.2900 Lacs(31st March 2019: Rs 2900 lacs)]-Amount Utilised	1,949	1,949
Corporate Guarantee to banks on behalf of holding company to the extent of erstwhile product division of holding company (Kumardhubi Unit 1)[Refer Note 3(a) and 50]	5,950	5,950
	<b>7,899</b>	<b>7,899</b>
	<b>16,211</b>	<b>16,211</b>

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

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 37: Fair Value Measurements

#### Financial Instruments by category

	31st March, 2020			31st March, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Trade Receivables	-	-	7,137	-	-	8,058
Cash and Cash Equivalents	-	-	502	-	-	316
Other Bank Balances	-	-	187	-	-	271
Other Financial Assets	-	-	159	-	-	61
<b>Total Financial Assets</b>	-	-	<b>7,984</b>	-	-	<b>8,706</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	21,319	-	-	21,467
Trade Payables	-	-	4,939	-	-	5,860
Other Financial Liabilities	-	-	1,698	-	-	1,378
<b>Total Financial Liabilities</b>	-	-	<b>27,956</b>	-	-	<b>28,705</b>

#### (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 Standalone 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 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 31st March, 2020 - 8 and Nil respectively (31st March, 2019-NIL).

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

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

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

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

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

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

The management consider that the carrying amounts of financial assets and liabilities recognized in the Standalone Financial Statements and carried at amortised cost approximate their fair value

as on 31.03.2020 and 31.03.2019.



## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 38: Financial Risk Management

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

#### (A) Credit Risk

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

##### (i) Credit Risk Management

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

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

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

- internal credit rating
- external credit rating
- actual or expected significant changes in the operating results of the payer
- significant increase in credit risk on other financial instruments of the same payer
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the payer, including changes in the operating results of the payer

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

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

##### (ii) Provision for Expected Credit Losses

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

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

Particulars	As at 31st March 2020	As at 31st March 2019
Loss allowance on at opening balance sheet date	2,189	2,763
Changes in loss allowance	315	(574)
Loss allowance on at closing balance sheet date	2,504	2,189

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

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

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

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

Particulars	Less than 12 months		More than 12 months		Total	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Borrowings	21,319	16,903	-	4,564	21,319	19,466
Trade Payables	4,939	5,860	-	-	4,939	5,860
Other Financial Liabilities	1,476	1,378	222	-	1,698	3,379
<b>Total Liabilities</b>	<b>27,734</b>	<b>24,141</b>	<b>222</b>	<b>4,564</b>	<b>27,956</b>	<b>28,705</b>

\* rounding off norms adopted by the company

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

### (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 31st March 2020		As at 31st March 2019	
	USD	EURO	USD	EURO
<b>Financial Assets</b>				
Trade Receivables	-	-	*	*
Advance to Supplier	-	4	-	-
	-	4	-	-
<b>Financial Liability</b>				
Advance From Customer	35	24	-	-
Trade Payables	47	-	32	-
	82	24	32	-

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

(b) Sensitivity:

Impact on profit

	As at 31st March 2020		As at 31st March 2019	
	USD	EURO	USD	EURO
Increase by 5% #	(4)	(1)	(2)	-
Decrease by 5% #	4	1	2	-

# 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 31st March 2020 and 31st March 2019, the Company's borrowings at variable rate were mainly denominated in INR .

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

(a) Interest rate risk exposure

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

	As at 31st March 2020		As at 31st March 2019	
Variable rate borrowings		16,395		16,474
Fixed rate borrowings		4,924		4,993

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result

	As at 31st March 2020		As at 31st March 2019	
Increase in interest rates by 50 basis points (50 bps) #		(82)		(80)
Decrease in interest rates by 50 basis points (50 bps) #		82		80

# Holding all other variables constant

## Note 39: 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 shareholders wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity , borrowings and operating cash flows as required. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### Loan covenants

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

## Note 40: Assets Pledged as Security

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

	31st March 2020	31st March 2019
<b>Current</b>		
<b>Financial Assets</b>		
Trade Receivables	6,714	7,414
Cash and Cash Equivalents	689	587
Other Financial Assets	40	27
<b>Non-financial Assets</b>		
Inventories	9,817	10,018
Other Current Assets	1,489	1,034
<b>Total Current assets</b>	<b>18,748</b>	<b>19,080</b>
<b>Non-current</b>		
Property, Plant and Equipment**	12,341	13,032
Capital Work-in-progress	*	24
Investment Properties	361	364
Other Intangible Assets	2	*
Trade Receivables	423	644
Other Non-Current Assets	85	104
<b>Total Non-current Assets</b>	<b>13,213</b>	<b>14,168</b>
<b>Total Assets pledged as Security</b>	<b>31,961</b>	<b>33,248</b>

\* rounding off norm adopted by the Company

\*\* 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 31.03.2020 of Rs. 509 (31.03.2019 Rs. 523) comprised in erstwhile Product Division of MBECL(Kumardhubi Unit 1) and Rs 228 excluded for ROU Assets from Property , Plant and Equipment recognised during the year as per IND AS 116.

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

<b>Note 41: Earnings per Share</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Basic Earnings per Share</b>		
Net Profit/(Loss) after tax (Rs in Lakhs)	(682)	(3,255)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	1,25,89,273	1,19,23,520
<b>Basic Earnings per Share (in Rs.)</b>	<b>(5.42)</b>	<b>(27.30)</b>
<b>Diluted Earning per Share</b>		
Net Profit/ (Loss) (Rs in Lakhs)	(682)	(3,255)
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	1,25,89,273	1,19,23,520
<b>Diluted Earning per Share (in Rs.)</b>	<b>(5.42)</b>	<b>(27.30)</b>
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of equity share at the beginning of the year	1,25,89,273	1,07,89,273
Weighted average number of equity share issued during the year		11,34,247
Weighted average number of equity share at the end of the year	1,25,89,273	1,19,23,520

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

## Note 42: Commitments

### (a) Capital Commitments

There is no capital commitment as at Balance Sheet date.

### (b) Cancellable operating leases

#### Transition and Practical Expedient

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1st April 2019, the Company has adopted Ind AS 116 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1st April 2019. The lease liability is measured at the present value of remaining lease payments and right of use asset has been recognized at an amount equal to the lease liability.

The Company has exercised following practical expedient;

i) Company has not reassessed whether a contract is, or contains, a lease at the date of initial application i.e. the contracts classified as leases as on 31st March 2019 as per Ind-AS 17 is treated as leases under Ind-AS 116 and not applying this standard to contracts that were not previously identified as containing a lease applying Ind AS 17.

ii) For leases for which the lease term ends within 12 months of the date of initial application have been accounted as short term leases.

The effect of this standard on transition and year ended 31st March 2020 along with relevant disclosures are as follows:

#### Recognition

All leases taken as lessee, except leases for short-term and leases of low value assets, shall be recognized in the Standalone Financial Statements as an asset (Right-of-Use asset) and a corresponding Lease Liability (as borrowings) by discounting the lease payments over the lease term. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Standalone Statement of Profit and Loss, unless the same are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

i) The Lease Liability shall be measured at the present value of all the lease payments due over the lease term.

ii) The Right-of-Use Asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located.

iii) Discount rate to be used shall be the rate implicit in the lease. If it is impracticable to determine the implicit rate, MSEL incremental borrowing rate for the quarter earlier to the quarter in which the lease is entered is used.

iv) In case of composite contracts, the lease and non-lease components needs to be segregated (unless impracticable) as per relative standalone prices and only lease component needs to be discounted. If segregation of contract is impracticable, the entire component will be treated as lease component and shall be discounted accordingly.

Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid.

#### a) As Lessee

#### Nature of Leasing Activities

The Company has entered into lease arrangements such as lands and buildings for purpose of its plants, facilities, offices.

Details of some significant leases (including in substance leases) are as under;

a. Company have entered into lease arrangement for lease of land for Office Space.

Amount Recognized in the Standalone Statement of Profit and Loss Account or Carrying Amount of Another Asset

(Rs. in Lacs)

Particulars	2019-20
Depreciation recognized	25
Interest on lease liabilities	31
Expenses relating to short-term leases & of low-value assets	9
Total cash outflow for leases	65
Additions to ROU during the year	0
Net Carrying Amount of ROU at the end the year	228

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

The details of ROU Asset included in PPE (Note 3) held as lessee by class of underlying asset (excluding those covered in Investment property) is presented below :-

Asset Class	Items Added to RoU Asset as on 01.04.2019*	Additions to RoU Asset during the Year	Depreciation Recognized During the Year	Net Carrying value as on 31.03.2020
Office Space	253	-	25	228
Total	253	-	25	228

\* Leases added to RoU Asset for lease agreements entered before 01.04.2019 on net carrying value.

Application of this standard has resulted a net decrease in Profit before Tax for the period April - Mar 2020 by Rs. 20 lacs (increase in Depreciation & Amortization expenses , Finance Cost by Rs. 25 lacs and Rs 31 lacs respectively and decrease in Other Expenses by Rs. 36 lacs)

### b) As Lessor

#### Operating Lease

The lease rentals recognized as income in these statements as per the rentals agreements:

(Rs. in Lacs)

Particulars	2019-20
Lease rentals recognized as income during the year	48

These relate to Land subleased to McNally Bharat Engineering Company Limited for use of its business . Asset class wise details have been presented under Note 5: Investment Properties

### Note 43 : Details of dues to Micro And Small Enterprises:

Particulars	31st March 2020	31st March 2019
(i) Principal Amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	30	21
ii) Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	6	12
iii) Principal amount paid to suppliers registered under the MSMED Act, 2006 beyond the appointed day	246	348

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 44

Revenue Expenditure on Research and Development of Rs NIL (31.03.2019 Rs.32 lakhs)

### Note 45

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

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

	31-Mar-20	31-Mar-19
<b>Revenue from Customers</b>		
- India	14,110	21,814
- Outside India	119	43
<b>Non-current Assets</b>		
- India	13442	13943
- Outside India	-	-

External customers individually accounting for more than 10% of the revenues have generated Nil revenue from operations for the Company in the current year (Year ended 31 March, 2019- Nil )

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 46: Related Party Transactions

#### a) Where control exists

- i) Holding Company  
McNally Bharat Engineering Company Limited (MBECL)

#### b) Others

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

#### ii) Fellow subsidiaries

- McNally Bharat Equipments Limited #  
MBE Mineral Technologies Pte Limited #  
MBE Minerals Zambia Ltd #

#### iii) Post employment benefit plan of the Company

- McNally Bharat Executive Staff Gratuity Fund (MBESGF)  
McNally Bharat Employees Provident Fund (MBEPF)

#### iv) Key Managerial Personnel

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

#### v) Key Managerial Personnel of Holding Company

- Mr. Srinivash Singh – Managing Director  
Mr. Manoj Kumar Digga - Chief Financial Officer  
Mr. Indranil Mitra - Company Secretary (Till -10th Jul 2019)  
Mr. Rahul Banerjee - Company Secretary ( From - 14th Aug 2019)

# No transactions during the year.

#### (c) Transactions with related parties:

The following transactions occurred with related parties:

	31st March 2020	31st March 2019
Sale of Products and Services - MBECL	511	2,277
Sale of Products and Services - MCMTI	40	5
Rental Income - MBECL	48	48
Rental and Other Charges - MBECL	-	18
Issue of Equity Shares - MBECL	-	180
Remuneration paid to Key Managerial Personnel		
Mr. Pradip Kumar Tibdewal – Whole Time Director	110	107
Mr. Uttam Tekriwal – Chief Financial Officer	51	48
Mr. Saikat Ghaosh - Company Secretary	6	5
Contribution to Fund - MBESGF	19	90
Contribution to Fund - MBEPF	134	136

#### (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:

	31st March, 2020	31st March, 2019
<b>Trade and Other Receivables</b>		
MBECL#	169	242
MCMTI	97	50
<b>Trade Payables</b>		
MCMTI	72	72
<b>Other Current Liabilities</b>		
MBECL	2,782	2,767
MCMTI	78	113
<b>Investments</b>		
MCMTI	2,700	2,700
<b>Outstanding Corporate Guarantee Given</b>		
MBECL	5,950	5,950
<b>Outstanding Corporate Guarantee Received</b>		
MBECL	5,000	5,000
<b>Remuneration Payable</b>		
Mr. Pradip Kumar Tibdewal	6	5
Mr. Uttam Tekriwal	3	3
Mr. Saikat Ghosh	*	*
<b>Designation</b>		
Whole Time Director		
Chief Financial Officer		
Company Secretary		

\* amount is below rounding off norm adopted by the Company

#The above Balances of holding company MBECL represent net balance after set off of Trade payable.

#### Notes:

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the Company as a whole, hence the employee benefit cost as per Ind AS 19 for key managerial personnel is not available. The amount disclosed reflects the total cost to the Company for the key managerial personnel.

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

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

## Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2020

### Note 47

The Company has been categorized as Non-Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on their debts. The Company has not recognised interest expense on Bank borrowings amounting to Rs. 2,678 Lakhs and Rs. 631 Lakhs on Inter-Corporate Borrowings, for the financial year ended 31st March, 2020.

### Note 48

The Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control and the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company has received binding Term Sheet for infusion of fresh funds for debt restructuring. The Term Sheet is being discussed with the Lenders of the Company and the necessary process has been initiated for debt restructuring. In the meanwhile, with the COVID-19 lockdown in the country, progress of the funding of the investors has been impacted. Based on the aforesaid ongoing developments, the Management is still hopeful that with the support of investors and the lenders and approval of the restructuring proposal, the Company will be able to generate sufficient cash inflows through profitable operations to discharge its financial obligations. Accordingly, the Board of Directors have decided to prepare the Standalone Financial Statements on going concern basis.

### Note 49

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) had declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID-19 has significantly impacted business operations of the Company, by way of interruption in the business operations, supply chain disruption, limited availability of human resource etc. The Company is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Company has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

### Note 50

In earlier years, the Company had issued a corporate guarantee in favour of the lender banks of the Holding Company, McNally Bharat Engineering Company Limited to the extent of value of fixed assets at Kumardhubi Unit-1 having a book value of Rs. 509 lacs as on 31st March, 2020. The Review Report of the Holding Company for the nine months ended 31<sup>st</sup> December, 2019 expressed material uncertainty towards going concern of the Holding Company which is undergoing a debt restructuring plan. Since the resolution plan of its Holding Company is under development phase, no provision has been considered in the Standalone Financial Statements of the Company.

### Note 51

During the previous year ended 31st March, 2019, downturn of the infrastructure and core sector combined with other factors has necessitated the management of the Company to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly, a provision of Rs. 2,591 Lakhs was taken in the Standalone Financial Statements of previous year for such inventories and had been shown as an exceptional item.

### Note 52

There are no significant subsequent events that would require adjustments or disclosures in the Standalone Financial Statements as on the date of approval of these Standalone Financial Statements.

**Note 53**

The Standalone Financial Statements of the Company for the year ended 31st March, 2019 were audited by the predecessor auditor, M/s Deloitte Haskins & Sells LLP, Chartered Accountants.

**Note 54**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

**Signature to the Notes 1 to 54**  
**As per our Report of even date**  
**For V. Singhi & Associates**  
**Chartered Accountants**  
**Firm Registration No; 311017E**

For and on behalf of Board of Directors

**(V.K Singhi)**  
**Partner**  
**Membership No:050051**

**(Pradip Kumar Tibdewal)**  
*Whole time Director*  
**(DIN: 07877787)**

**(Srinivash Singh)**  
*Director*  
**(DIN:00789624)**

**Place : Kolkata**  
**Date : 15th July, 2020**

**(Uttam Tekriwal)**  
*Chief Financial Officer*

**(Saikat Ghosh)**  
*Company Secretary*



## CONSOLIDATED FINANCIAL STATEMENTS



# Independent Auditor's Report

To the Members of McNally Sayaji Engineering Limited

Report on the Audit of the Consolidated Financial Statements

## Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of McNally Sayaji Engineering Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matter described in the Basis for Adverse Opinion section of our Report, the aforesaid Consolidated Financial Statements does not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31<sup>st</sup> March, 2020, its consolidated loss (including Other Comprehensive Income), its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Adverse Opinion

#### Non-recognition of Interest Expense

The Holding Company has not recognised interest expense on Bank and Inter-Corporate Borrowings amounting to Rs. 2,678 Lakhs and Rs. 631 Lakhs respectively for the financial year ended 31<sup>st</sup> March, 2020 as referred in Note 47 of the Consolidated Financial Statements. As a result, finance costs, liability on account of interest and total comprehensive loss for the financial year ended 31<sup>st</sup> March, 2020 are understated to that extent. This constitutes a material departure from the requirements of Indian Accounting Standard 109 "Financial Instruments".

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



## Independent Auditor's Report

### Emphasis of Matters

#### a) Material uncertainty related to Going Concern

We draw attention to Note 48 to the Consolidated Financial Statements, the Group has reported net loss of Rs. 651 Lakhs during the year ended 31<sup>st</sup> March, 2020 and the Holding Company's inability to meet its financial commitments/covenants to lenders and various other stakeholders. The Holding Company's management is currently in discussion with the investor and lenders for acceptance of its debt restructuring proposal as informed to us by the Management of the Holding Company. These events and conditions indicate a material uncertainty which may cast a significant doubt on the Holding Company's ability to continue as a going concern. The ability of the Holding Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal. Based on the Board of Directors' assessment and expectation of a positive outcome of the restructuring proposal, the Consolidated Financial Statements have been prepared on going concern basis.

#### b) Management's assessment of impact of COVID-19

We draw attention to Note 49 to the Consolidated Financial Statements which describes the management's assessment of impact of COVID-19, a global pandemic, on the financial position of the Group.

#### c) Recognition of Deferred Tax Assets

We draw attention to Note 15 to the Consolidated Financial Statements, the Group had recognised deferred tax assets of Rs. 6,234 Lakhs upto 31<sup>st</sup> March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be realised, which however is solely dependent on the acceptance of the Holding Company's debt restructuring proposal. However, the Group has not recognised further deferred tax assets for the year ended 31<sup>st</sup> March, 2020 on prudent basis.

#### d) Corporate Guarantee issued by the Holding Company

We draw attention to Note 50 to the Consolidated Financial Statements regarding corporate guarantee issued by the Holding Company in favour of the lenders of its Holding Company, McNally Bharat Engineering Company Limited (MBECL) to the extent of value of fixed assets at Kumardubi Unit-1 having a book value of Rs. 509 Lakhs as on 31<sup>st</sup> March, 2020. The Review Report of the Holding Company (MBECL) for the nine months ended 31<sup>st</sup> December, 2019 had expressed material uncertainty as its status of a Going Concern on account of yet awaited acceptance of its debt restructuring proposal by the lenders. As such, provision against the said guarantee in the Consolidated Financial Statements has not been considered necessary by the management during the year ended 31<sup>st</sup> March, 2020.

Our opinion is not modified in respect of these matters.

### Key Audit Matters

Key Audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section and Emphasis of Matters section of our report, we have determined the matters described below to be the key audit matters to be communicated in our Report.

## Independent Auditor's Report

Sr. No.	Key Audit Matter	Auditor's Response to Key Audit Matters
1	<p><b>Revenue Recognition</b></p> <p>(Refer note 1(d) to the Consolidated Financial Statements)</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which includes the following:</p> <ul style="list-style-type: none"> <li>·Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing there of.</li> <li>·Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls.</li> <li>·Evaluating the design and implementation of Company's controls in respect of revenue recognition.</li> <li>·Testing the effectiveness of such controls over revenue cut off at year-end.</li> </ul> <p>Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the relevant period.</p>

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholders Information but does not include the Consolidated Financial Statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## Independent Auditor's Report

### Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards prescribed under Section 133 of the Act. 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 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to financial statements in place and the operating effectiveness of such controls based on our audit.

## Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors.
- Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

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

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

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

### Other Matters

- a) The Consolidated Financial Statements include the audited Financial Statements of a Subsidiary whose Financial Results reflect Group's share of total assets of Rs. 5,953 Lakhs as at 31st March, 2020, Group's share of total revenue of Rs. 3,329 Lakhs for the financial year ended 31<sup>st</sup> March, 2020, Group's share of net profit of



## Independent Auditor's Report

Rs. 27 Lakhs for the financial year ended 31<sup>st</sup> March, 2020, as considered in the Consolidated Financial Statements, which have been audited by us. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on our report and the audit procedures performed by us.

- b) The Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2019 were audited by another firm of Chartered Accountants and had expressed a modified opinion vide their Audit Report dated 30<sup>th</sup> May, 2019 on such Consolidated Financial Statements.

Our opinion is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit of the Group and separate financial statements of the subsidiary Company referred to in the Other Matters section above we report, to the extent applicable that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements;
  - b) except for the possible effects of the matter described in the Basis for Adverse Opinion Section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and returns;
  - c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d) considering the significance of the matter described in the Basis for our Adverse Opinion Section above, in our opinion, the aforesaid Consolidated Financial Statements does not comply with the Ind AS specified under Section 133 of the Act;
  - e) the matter described in the Basis for Adverse Opinion Section above, in our opinion, may have an adverse effect on the functioning of the Group;
  - f) on the basis of the written representations received from the directors of the Holding Company and its Subsidiary Company as on 31<sup>st</sup> March, 2020 and taken on record by the respective Board of Directors, none of the directors of the Group companies, is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - g) the adverse remarks relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above.
  - h) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its Subsidiary Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

## Independent Auditor's Report

- i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Holding Company to its directors during the year is in accordance with the requirements of Section 197 of the Act.
- j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. except for the possible effect of the matter described in the Basis for Adverse Opinion section above, the Group has disclosed the impact of pending litigations on its financial position in the Consolidated Financial Statements (Refer Note 34 to the Consolidated Financial Statements);
  - ii. the Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts;
  - 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 Company.

For **V. Singhi & Associates**  
**Chartered Accountants**  
**Firm Registration No. 311017E**

**Place:** Kolkata  
**Date:** 15th July, 2020

**(V. K. SINGHI)**  
**Partner**  
**Membership No. 050051**  
**UDIN:20050051AAAADO2303**



## Annexure 'A' to the Independent Auditor's Report

**Referred to in Paragraph 1(h) on Other Legal and Regulatory Requirements of our Report of even date to the members of McNally Sayaji Engineering Limited on the Consolidated Financial Statements for the year ended 31st March, 2020**

**Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of McNally Sayaji Engineering Limited ("the Holding Company") and its Subsidiary Company as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its Subsidiary Company are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its Subsidiary Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls, 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 Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its Subsidiary Company.



## Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A Company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial controls with reference to consolidated 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 the 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 Consolidated Financial Statements

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

## Opinion

In our opinion, the Holding Company and its Subsidiary Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2020 based on the internal financial control with reference to financial statements 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 ICAI.

For **V. Singhi & Associates**  
**Chartered Accountants**  
**Firm Registration No. 311017E**

**Place:** Kolkata  
**Date:** 15th July, 2020

**(V. K. SINGHI)**  
**Partner**  
**Membership No. 050051**  
**UDIN:20050051AAAADO2303**

## Consolidated Balance Sheet as at 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

	Notes	As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	3	13,150	13,630
Capital Work-in-Progress	4	20	41
Investment Properties	5	361	364
Other Intangible Assets	6	2	*
<b>Financial Assets</b>			
Trade Receivables	7	490	1,583
Other Financial Assets	10	504	372
Deferred Tax Assets(Net)	15	6,234	6,234
Other Non-Current Assets	11	91	110
<b>Total Non-Current Assets</b>		<b>20,852</b>	<b>22,334</b>
<b>Current Assets</b>			
Inventories	12	10,771	10,782
<b>Financial Assets</b>			
Trade Receivables	7	8,974	9,360
Cash and Cash Equivalents	8	521	559
Bank Balances other than above	9	187	272
<b>Other Financial Assets</b>	10	725	695
Current Tax Assets (Net)	14	202	398
Other Current Assets	13	1,763	1,290
<b>Total Current Assets</b>		<b>23,143</b>	<b>23,355</b>
<b>Total Assets</b>		<b>43,995</b>	<b>45,689</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	1,259	1,259
<b>Other Equity</b>			
Reserves and Surplus	17	4,610	5,312
<b>Total Equity</b>		<b>5,869</b>	<b>6,571</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	18	4	4,572
Trade Payables			
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises	21	-	-
B. Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	21	1	3
Other Financial Liabilities	20	222	-
Provisions	22	145	126
Employee Benefit Obligations	23	387	186
Other Non-Current Liabilities	24	-	321
<b>Total Non-Current Liabilities</b>		<b>759</b>	<b>5,208</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	19	19,821	16,843
Trade Payables			
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises	21	31	21
B. Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	21	6,494	7,709
Other Financial Liabilities	20	5,748	4,203
Provisions	22	104	103
Employee Benefits Obligations	23	99	313
Other Current Liabilities	24	5,070	4,718
<b>Total Current Liabilities</b>		<b>37,367</b>	<b>33,910</b>
<b>Total Liabilities</b>		<b>38,126</b>	<b>39,118</b>
<b>Total Equity and Liabilities</b>		<b>43,995</b>	<b>45,689</b>

**Significant Accounting Policies**

1 &amp; 2

\* amount is below rounding off norm adopted by the Group

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our Report of even date.

For V. Singhi & Associates  
Chartered Accountants  
Firm Registration No. 311017E

For and on behalf of Board of Directors

(V.K Singhi)  
Partner  
Membership No:050051  
Place : Kolkata  
Date : 15th July, 2020

(Pradip Kumar Tibdewal)  
Whole Time Director  
DIN: 07877787

(Srinivash Singh)  
Director  
DIN:00789624

(Uttam Tekriwal)  
Chief Financial Officer

(Saikat Ghosh)  
Company Secretary

**Consolidated Statement of Profit and Loss for the year ended 31st March, 2020***(All amounts in Rs lakhs, unless otherwise stated)*

Particulars	Notes	As at 31st March 2020	As at 31st March 2019
Revenue from Operations	25	17,518	24,317
Other Income	26	1,150	1,680
<b>Total Income</b>		<b>18,668</b>	<b>25,997</b>
<b>Expenses</b>			
Cost of Materials Consumed	27	8,401	9,958
Purchases of Stock-in-Trade		-	2,406
Changes in Inventories of Work-in-progress and Finished Goods	28	456	1,414
Employee Benefits Expense	29	3,214	3,482
Finance Costs	32	773	3,711
Depreciation and Amortisation Expense	30	806	1,262
Other Expenses	31	5,694	6,051
<b>Total Expenses</b>		<b>19,344</b>	<b>28,284</b>
<b>Profit/(Loss) before Tax and Exceptional Items</b>		<b>(676)</b>	<b>(2,287)</b>
Exceptional Item	51	-	2,591
<b>Profit/(Loss) before Tax</b>		<b>(676)</b>	<b>(4,878)</b>
Income Tax Expense	33		
- Current tax		-	-
Provision written back		(25)	-
- Deferred tax Charge/(Credit)		-	(1,102)
<b>Total Tax Expense</b>		<b>(25)</b>	<b>(1,102)</b>
<b>Profit/(Loss) for the Year</b>		<b>(651)</b>	<b>(3,776)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss :			
Remeasurements of post-employment benefit obligations		(66)	(120)
Income Tax relating to these items	32	15	31
<b>Other Comprehensive Income/(Loss) for the year, net of tax</b>		<b>(51)</b>	<b>(89)</b>
<b>Total Comprehensive Income/(Loss) for the year</b>		<b>(702)</b>	<b>(3,865)</b>
Earnings Per Equity Share	38		
(Face Value of Rs 10/- each):			
- Basic		(5.17)	(31.67)
- Diluted		(5.17)	(31.67)

Significant Accounting Policies

1 &amp; 2

The accompanying notes form an integral part of the Consolidated Financial Statements  
As per our Report of even date

For V. Singhi & Associates  
*Chartered Accountants*  
Firm Registration No. 311017E

For and on behalf of Board of Directors

(V.K Singhi)  
Partner  
Membership No:050051

(Pradip Kumar Tibdewal)  
Whole time Director  
DIN: 07877787

(Srinivash Singh)  
Director  
DIN:00789624

Place : Kolkata  
Date :15th July, 2020

(Uttam Tekriwal)  
Chief Financial Officer

(Saikat Ghosh)  
Company Secretary

## Consolidated Statement of Changes in Equity for the year ended 31st March, 2020

### A EQUITY SHARE CAPITAL

(All amounts in Rs lacs, unless otherwise stated)

Particulars	Notes	Amount
As at 1st April, 2018	16	1079
Changes		180
<b>As at 31st March, 2019</b>	16	<b>1259</b>
Changes		
<b>As at 31st March, 2020</b>	16	<b>1,259</b>

### B OTHER EQUITY

	Compulsorily Convertible Preference Share Capital	Reserves and Surplus				Total
		Securities Premium Reserve	General Reserve	Retained Earnings	Capital Reserve	
As at 1st April, 2018	180	5,712	1,520	(4,718)	6,663	9,357
<b>Movement during the year</b>						
Profit/ (Loss) for the year	-	-	-	(3,776)	-	(3,776)
Other Comprehensive Income	-	-	-	(89)	-	(89)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(3,865)</b>	-	<b>(3,865)</b>
Conversion of Compulsorily Convertible Preference Shares	(180)	-	-	-	-	(180)
<b>Balance as at 31st March, 2019</b>	-	<b>5,712</b>	<b>1,520</b>	<b>(8,583)</b>	<b>6,663</b>	<b>5,312</b>
<b>Movement during the year</b>						
Profit/ (Loss) for the year	-	-	-	(651)	-	(651)
Other Comprehensive Income	-	-	-	(51)	-	(51)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(702)</b>	-	<b>(702)</b>
<b>Balance at 31 March, 2020</b>	-	<b>5,712</b>	<b>1,520</b>	<b>(9,285)</b>	<b>6,663</b>	<b>4,610</b>

The above Consolidated 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 V. Singhi & Associates

Chartered Accountants

Firm Registration No. 311017E

For and on behalf of Board of Directors

(V.K Singhi)

Partner

Membership No:050051

Pradip Kumar Tibdewal

Whole time Director

( DIN: 07877787)

Srinivash Singh

Director

( DIN:00789624)

Place : Kolkata

Date :15th July, 2020

Uttam Tekriwal

Chief Financial Officer

Saikat Ghosh

Company Secretary

## Consolidated Statement of Cash Flows for the year ended 31st March, 2020

Rupees in Lakhs

	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Cash flow from Operating Activities</b>		
<b>Profit/(Loss) before Tax</b>	<b>(676)</b>	<b>(4,878)</b>
<b>Adjustments for :-</b>		
Depreciation and Amortisation Expense	806	1,262
Interest Income	(421)	(285)
Finance Costs	773	3,711
Allowance for Doubtful Debts on Trade Receivables / Other Assets	329	351
Bad Debts Written off	1	7
Advances Written off	27	12
Liabilities no Longer Required Written Back	(246)	(390)
Provision no Longer Required Written Back	(75)	(395)
Advances Written Back	(65)	(112)
Provision for Warranty	17	(2)
Net Exchange Differences	2	3
<b>Cash flow from Operating Activities before change in operating Assets and Liabilities</b>	<b>472</b>	<b>(716)</b>
Decrease / (Increase) in Trade and Other Receivables	852	2,499
Decrease / (Increase) in Inventories	11	3,832
Increase / (Decrease) in Trade and Other Payables	(193)	(4,124)
Increase / (Decrease) in Employee Benefit Obligation	(276)	63
<b>Cash Generated from Operations</b>	<b>866</b>	<b>1,554</b>
Income Taxes (Paid) / Refund	221	(38)
<b>Net Cash Inflow from Operating Activities</b>	<b>1,087</b>	<b>1,516</b>
<b>Cash flows from Investing Activities</b>		
Payments for Property, Plant and Equipment	(298)	(84)
Proceeds from sale of Property, Plant and Equipment	1	14
Interest received	96	21
Fixed Deposit Matured/(Placed)	87	(119)
<b>Net cash inflow (outflow) from Investing Activities</b>	<b>(114)</b>	<b>(168)</b>
<b>Cash flows from Financing Activities</b>		
(Repayment of) / Proceeds from Borrowings	(165)	1,829
Interest paid	(779)	(3,214)
Net increase in Cash Credit Facilities including WCCL	(67)	191
Payment of Dividend	-	(2)
<b>Net cash inflow (outflow) from Financing Activities</b>	<b>(1,011)</b>	<b>(1,196)</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>(38)</b>	<b>152</b>
Cash and Cash Equivalents at opening of the period	559	407
Cash and Cash Equivalents at end of the period	521	559
<i>Reconciliation of cash and cash equivalents as per the Cash Flow Statement</i>		
Cash and Cash Equivalents as per above comprise of the following	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Cash and Cash Equivalents(Refer Note 8)	521	559
<b>Balances per Statement of Cash Flows</b>	<b>521</b>	<b>559</b>

1. The above Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard 7 on 'Statement of Cash Flows'.

2. Previous year figures have been rearranged/regrouped wherever necessary.

This is the Consolidated Statement of Cash Flows referred to in our Report of even date

For **V. Singhi & Associates**  
Chartered Accountants  
Firm Registration No. 311017E

(V.K Singhi)  
Partner  
Membership No:050051

Place : Kolkata  
Date :15th July, 2020

(Pradip Kumar Tibdewal)  
Whole time Director  
DIN: 07877787

(Uttam Tekriwal)  
Chief Financial Officer

(Srinivash Singh)  
Director  
(DIN:00789624)

(Saikat Ghosh)  
Company Secretary



## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	As at 1st April, 2019	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2020	Upto 31st March, 2019	For the year	Sale/ Adjustment	Upto 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
Lease hold Land	2,529	-	-	-	2,529	194	21	-	215	2,314	2,335
Free hold Land	289	-	-	-	289	-	-	-	-	289	289
Building	13,364	1	-	-	13,365	3,777	435	-	4,212	9,153	9,587
Plant and Machinery	8,618	48	-	225	8,441	7,359	263	225	7,397	1,044	1,259
Plant and Machinery - Windmill	764	-	-	-	764	704	33	-	737	27	60
Furniture and Fixture	341	5	-	1	345	297	21	1	317	28	44
Refrigerators and Air Conditioners	87	*	-	-	87	67	-	-	67	20	20
Office Equipments	242	9	-	4	247	235	(2)	4	229	18	7
Motor Vehicles	71	6	-	-	77	42	6	-	48	29	29
Right to Use Assets	-	253	-	-	253	-	25	-	25	228	-
<b>As at 31 March, 2020</b>	<b>26,305</b>	<b>322</b>	<b>230</b>	<b>230</b>	<b>26,397</b>	<b>12,675</b>	<b>802</b>	<b>230</b>	<b>13,247</b>	<b>13,150</b>	<b>13,630</b>

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

a) 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 property, plant and equipment of the Company (net written down value as at 31.03.2020 of Rs. 509 / 31.03.2019 Rs. 523) comprised in erstwhile Product Division of MBECL (Kumarhubi Unit 1) [Refer Note 34]

b) The Group has adopted Ind AS 116 'Leases' effective from April 1, 2019 and applied the Standard to its leases, pursuant to which it has classified its leased asset as Right-of-Use Assets.

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

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

**Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020***(All amounts in Rs lacs, unless otherwise stated)*

<b>Note 4 Capital Work-in-Progress</b>		
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
<b>Capital Work-in-Progress</b>	<b>20</b>	<b>41</b>

<b>Note 5 Investment Properties [Leasehold land]</b>		
	<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
<b>Gross Carrying Amount</b>		
Opening Gross Carrying Amount / Deemed cost	397	408
Disposals / Adjustments	-	(11)
<b>Closing Gross Carrying Amount</b>	<b>397</b>	<b>397</b>
<b>Accumulated Amortization</b>		
Opening Balance	33	30
For the Year	3	3
<b>Closing Accumulated Amortization</b>	<b>36</b>	<b>33</b>
<b>Net Carrying Amount</b>	<b>361</b>	<b>364</b>

(i) Amount recognised in the Consolidated Statement of Profit and Loss for Investment Properties

	<b>31st Mar 2020</b>	<b>31st Mar 2019</b>
Rental Income (included under Other Income - Note 28)(Refer Note -46)	48	48
Direct operating expenses on property that generated rental income	5	5
<b>Profit from Investment Properties before Amortization</b>	<b>43</b>	<b>43</b>
Amortization	3	3
<b>Profit from Investment Properties</b>	<b>40</b>	<b>40</b>

(iii) *Leasing arrangements*

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

(iv) *Fair value*

	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Investment properties	2,250	2,250

**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 forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lacs, unless otherwise stated)

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED AMORTISATION			NET CARRYING AMOUNT			
	As at 1st April, 2019	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2020	Upto 1st April, 2019	For the year	Sale/ Adjustment	Upto 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020
Design and Drawings	2,250	-	-	-	2,250	2,250	-	-	2,250	-	*
Computer Software	195	3	-	-	198	195	1	-	196	-	2
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
	<b>2,465</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>2,468</b>	<b>2,465</b>	<b>1</b>	<b>-</b>	<b>2,466</b>	<b>-</b>	<b>2</b>

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED AMORTISATION			NET CARRYING AMOUNT			
	As at 1st April, 2018	Additions	Other Adjustments	Sale/ Adjustment	As at 31st March, 2019	Upto 31st March, 2018	For the year	Sale/ Adjustment	Upto 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019
Design and Drawings	2,250	-	-	-	2,250	2,216	30	(4)	2,250	*	34
Computer Software	195	-	-	-	195	194	1	-	195	-	1
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
	<b>2,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,465</b>	<b>2,430</b>	<b>31</b>	<b>(4)</b>	<b>2,465</b>	<b>*</b>	<b>35</b>

\* amount is below rounding off norm adopted by the Group



**Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020***(All amounts in Rs lakhs, unless otherwise stated)*

<b>Note 7 Trade Receivables</b>		
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Receivables Considered Good-Unsecured	9,464	10,943
Receivables-Credit Impaired	3,486	3,516
Less: Allowance for credit impaired receivables	(3,486)	(3,516)
<b>Total Receivables</b>	<b>9,464</b>	<b>10,943</b>
Current Portion	8,974	9,360
Non-current Portion \$	490	1,583

\$ Represents retention debtors receivable beyond twelve months from 31st March, 2020.

<b>Note 8 Cash and Cash Equivalents</b>		
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Balances with Banks		
- in Current Accounts	516	378
Deposits with maturity of less than three months @	-	175
Cash on hand(as certified by the Management)	5	6
<b>Total Cash and Cash Equivalents</b>	<b>521</b>	<b>559</b>
@ Amount under lien	-	12

<b>Note 9 Other Bank Balances</b>		
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Bank deposits with original maturity greater than three months and maturing within twelve months @	187	272
<b>Total Other Bank Balances</b>	<b>187</b>	<b>272</b>
@ Amount under lien	187	272

<b>Note 10 Other Financial Assets</b>				
	<b>31st March, 2020</b>		<b>31st March, 2019</b>	
	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>
<b>Unsecured, considered good, unless stated otherwise</b>				
Deposit with Banks having maturity more than twelve months	25	-	-	-
Security deposits - *	8	16	-	19
Balance with Government Authorities/Amount recoverable from Government Authorities	15	-	15	-
Other Receivables**	385	34	338	44
Unbilled Revenue	-	635	-	605
Earnest Money deposit	73	40	21	27
Less: Doubtful Earnest Money Deposit	(2)	-	(2)	-
<b>Total Other Financial Assets</b>	<b>504</b>	<b>725</b>	<b>372</b>	<b>695</b>
Amount under lien	25			

\*Security Deposits Includes Rs. 2.03 Lacs (31st March, 2019 : Rs. 2.30 Lacs) with Related Parties

\*\* Other Receivables are net of provision of Rs. 81.67 Lacs as at 31st March, 2020 (31st March, 2019: 81.67 Lacs )

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 11 Other Non-current Assets</b>		
	31st March, 2020	31st March, 2019
Security Deposits - considered good	86	104
Prepaid Lease Payments	1	1
Capital Advance	5	5
<b>Total other Non-current Assets</b>	<b>91</b>	<b>110</b>

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

<b>Note 12 Inventories [Refer Note 1.9]</b>		
	31st March, 2020	31st March, 2019
Raw Materials	2,793	2,551
Work-in-Progress	6,858	7,376
Finished Goods	63	-
Stores and Spares	997	791
Loose Tools	60	64
<b>Total Inventories</b>	<b>10,771</b>	<b>10,782</b>

<b>Note 13 Other Current Assets</b>		
	31st March, 2020	31st March, 2019
<i>Unsecured, considered good, unless stated otherwise</i>		
Prepaid Lease Payments	*	*
Gratuity Receivable @	16	22
Balance with Government Authorities **	767	558
Advance for goods and services	828	242
Others		
Advance to Employees	28	25
Prepayments	62	110
Security Deposit	61	55
Others	-	278
<b>Total Other Current Assets</b>	<b>1,763</b>	<b>1,289</b>

\*\*During the year, ITC of Rs.10 Lacs has been blocked by Department of GST, West Bengal.

@Gratuity Actuarial Valuation - Fair Value of plan asset is more than present value of obligation

\* amount is below rounding off norm adopted by Group

<b>Note 14 Current Tax Assets (Net)</b>		
	31st March, 2020	31st March, 2019
Opening Balance	398	360
Add : Advance tax paid during year (including Tax Deducted at Source)	56	38
Less : Refund received during the year	252	-
<b>Closing Balance</b>	<b>202</b>	<b>398</b>

**Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020***(All amounts in Rs lakhs, unless otherwise stated)***Note 15: Deferred Tax Asset (Net)**

The balance comprises temporary differences attributable to:

	31st March, 2020	31st March, 2019
<b>Deferred Tax Asset on account of</b>		
Unabsorbed Tax Depreciation/business loss	6,050	5,937
Items allowable for tax purpose on payment basis	123	123
Allowance for doubtful debts and doubtful advances	682	735
Others	233	293
<b>Total Deferred Tax Assets</b>	<b>7,087</b>	<b>7,088</b>
<b>Deferred tax liability on account of</b>		
Property, Plant and Equipment, Investment Property and Intangible Assets	(848)	(848)
Others	(5)	(6)
<b>Total Deferred Tax Liabilities</b>	<b>(853)</b>	<b>(854)</b>
<b>Net Deferred Tax Assets</b>	<b>6,234</b>	<b>6,234</b>

**Significant estimates**

The Group has recognised Deferred Tax Assets amounting to Rs. 6,234 Lakhs as on 31st March, 2019 which the Group is also carrying as on 31st March, 2020. The Group believes that based on the infusion of fresh funds by the investors coming to the Holding Company and the lenders support on the debt restructuring proposal, there will be adequate future taxable profits available to the Company against which the Deferred Tax Assets can be utilised. However, the Group has not recognised Deferred Tax Assets during the financial year ended 31st March, 2020 taking a conservative approach.

**Movements in deferred tax assets /(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
<b>At 31st March, 2018</b>	<b>4,760</b>	<b>124</b>	<b>678</b>	<b>(975)</b>	<b>514</b>	<b>5,101</b>
Charged/(credited):						
- to Profit or Loss	1,177	(32)	57	127	(227)	1,102
- to Other Comprehensive Income	-	31	-	-	-	31
<b>At 31 March, 2019</b>	<b>5,937</b>	<b>123</b>	<b>735</b>	<b>(848)</b>	<b>287</b>	<b>6,234</b>
Charged/(credited):						
- to Profit or Loss	113	-	(53)	(60)	-	-
- to Other Comprehensive Income	-	-	-	-	-	-
<b>At 31 March, 2020</b>	<b>6,050</b>	<b>123</b>	<b>682</b>	<b>(908)</b>	<b>287</b>	<b>6,234</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 16: Equity Share Capital</b>				
	31st March, 2020		31st March, 2019	
	Number of Shares	Amount	Number of Shares	Amount
<b>(i) Authorised</b>				
Equity Shares of Rs.10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Preference Shares of Rs. 10/- each	40,00,000	400	40,00,000	400
	31st March, 2020		31st March, 2019	
	Number of Shares	Amount	Number of Shares	Amount
<b>(ii) Issued, Subscribed and Paid up</b>				
<b>Equity Shares</b>				
Equity Shares of Rs.10/- each	1,25,89,273	1,259	1,25,89,273	1,259
- 3,455,529 Equity Shares (31st March, 2018: 3,455,529 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement	#		#	
- 3,600,000 Equity Shares (31st March, 2018: 1,800,000 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to conversion of Compulsorily Convertible Preference Shares				
		1,259		1,259
	31st March, 2020		31st March, 2019	
	Number of shares		Number of shares	
<b>(iii) Equity Shares held by McNally Bharat Engineering Company Limited</b>	1,02,68,698		1,02,68,698	
<b>(iv) Reconciliation of shares</b>				
	31st March, 2020		31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
Shares outstanding at the beginning of the year	1,25,89,273	1,259	1,07,89,273	1,079
Add: Equity shares issued in lieu of conversion			18,00,000	180
<b>Shares outstanding at the end of the year #</b>	1,25,89,273	1,259	1,25,89,273	1,259
<b>Compulsorily Convertible Preference Shares</b>				
Shares outstanding at the beginning of the year	-	-	18,00,000	180
Less: Conversion into Equity Shares	-	-	(18,00,000)	(180)
<b>Shares outstanding at the end of the year</b>	-	-	-	-

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

### (v) Terms/rights attached to equity shares

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

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

	31st March, 2020		31st March, 2019	
	Number of shares held	% of Holding	Number of shares held	% of Holding
McNally Bharat Engineering Company Limited	1,02,68,698	81.56	1,02,68,698	81.56
EIG (Mauritius) Limited	13,40,000	10.64	13,40,000	10.64

\$ 2,337,211 Equity Shares (31st March, 2019 : 2,337,211 Equity Shares) pledged by Holding Company, McNally Bharat Engineering Company Limited as security for term loan from ICICI Bank availed by the Company

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 17: Other Equity</b>		
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
Capital Reserve	6,663	6,663
Securities Premium	5,712	5,712
General Reserve	1,520	1,520
Retained Earnings	(9,285)	(8,583)
<b>Total Reserves and Surplus</b>	<b>4,610</b>	<b>5,312</b>

### (i) Capital Reserve

	<b>31st March, 2020</b>	<b>31st March, 2019</b>
As per last Financial Statement	6,663	6,663

### (ii) Securities Premium

	<b>31st March, 2020</b>	<b>31st March, 2019</b>
As per last Financial Statement	5,712	5,712

### (iii) General Reserve

	<b>31st March, 2020</b>	<b>31st March, 2019</b>
As per last Financial Statement	1,520	1,520

### (iv) Retained Earnings

	<b>31st March, 2020</b>	<b>31st March, 2019</b>
As per last Financial Statement	(8,583)	(4,718)
Net Profit/(Loss) for the year	(651)	(3,776)
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	(51)	(89)
<b>Closing Balance</b>	<b>(9,285)</b>	<b>(8,583)</b>

### Nature and Purpose of Other Reserves

#### Capital Reserve

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

#### Securities Premium

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

#### General Reserve

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

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 18: Non-current Borrowings</b>		
	<b>31st March, 2020</b>	<b>31st March, 2019</b>
<b>Secured Loans</b>		
<b>Term Loans</b>		
From Banks	3,360	3,373
From Others	4	6
<b>Total Non-current Borrowings</b>	<b>3,364</b>	<b>3,379</b>
Less: Current maturities of long-term debt (included in note 20)	3,360	2,005
	<b>4</b>	<b>1,374</b>
Inter - Corporate Deposits	3,197	3,198
Less: Reclassified to Current Borrowings (included in note 20)	3,197	-
<b>Non-current Borrowings</b>	<b>4</b>	<b>4,572</b>

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

#### Nature of Security

- Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 Lacs (31.03.2019 Rs. 2,487 Lacs) is secured by first pari passu charge on all moveable and immovable fixed assets of the Company (excluding Kumardhubi Plant - Unit 1 of Holding Company) both present and future and pledge over 26% shares of the Company held by Holding Company. This facility is also guaranteed by Holding Company.
- Year end term loan balance from DBS Bank Ltd. of Rs 852 Lacs (31.03.2019 Rs. 875 Lacs) is secured by first pari passu charge on all moveable and immovable fixed assets of the Holding Company (excluding Kumardhubi plant - Unit 1) both present and future
- Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 4 Lacs (31.03.2019 Rs. 6 Lacs) to be secured by hypothecation of motor vehicles acquired out of the loan.
- Year end balance of Car Loans (term) from ICICI Bank Ltd Rs.9 Lacs (31 March, 2019 Rs. 11 Lacs) to be secured by hypothecation of the asset under finance.

#### Terms of Repayment and Rate of Interest

- 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.
- 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.
- Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% to 9.75% p.a.
- Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 8.24% p.a.

B. The Holding Company has been categorised as Non-Performing Asset by the lender banks, consequently, some of the lender banks have stopped debiting interest on their debts. Having defaulted in the servicing of its debts as per the existing contractual terms, the Company has submitted debt resolution plan to its lenders which is in the process of final consideration of the lender banks. The details of continuing defaults at the year end in respect of Non-Current Borrowings of the Holding Company are as follow :

<b>Particulars</b>	<b>Principal</b>	<b>Interest*</b>
<b>Term Loans from Banks</b>		
-ICICI Bank	2,500	107
-DBS Bank	852	50
<b>Total Term Loan- Default</b>	<b>3,352</b>	<b>157</b>

\*In addition to the above, the amount of interest expense not provided in the books of account on the above borrowings for the year ended 31st March, 2020 is Rs. 542 Lakhs.

### Note 19: Current Borrowings

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Secured Loans from Banks</b>		
Loans Repayable on demand #	14,897	15,046
<b>Unsecured Loans</b>		
Inter - Corporate Deposits	4,924	1,797
<b>Total current borrowings</b>	<b>19,821</b>	<b>16,843</b>

Also refer Note 18 (B)

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### Nature of Security on Secured Loans availed from Banks

# Cash Credit facilities are secured by first pari passu charge on entire current assets of the Holding Company. These facilities are also secured by second pari passu charge over the immoveable and moveable Property, Plant Equipment of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future.

# Loans repayable on demand availed by the Subsidiary Company - Rs. 1,859 Lacs (31st March,2019: Rs. 1,940 Lacs) are secured by:

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

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

c. Further, Secured by Corporate Guarantee of McNally Bharat Engineering Company Limited (MBECL) in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited.

### Details of Default of Current Borrowings

The details of continuing defaults at the year end in respect of Current Borrowings of the Holding Company are as follow :

Particulars	Principal	Interest*
<b>Loan from Bank Repayable on Demand</b>		
-ICICI Bank	4,006	-
-DBS Bank	1,459	66
-IDBI Bank	1,500	65
-State Bank of India	4,006	-
-Kotak Mahindra Bank	2,068	-
<b>Total Loan from Bank Repayable on Demand -Default</b>	<b>13,039</b>	<b>131</b>
<b>Total Inter-Corporate Loans- Default</b>	<b>4,924</b>	<b>66</b>

\*In addition to the above, the amount of interest expense not provided in the books of account on the above bank borrowings for the year ended 31st March, 2020 is Rs. 2,136 Lakhs and Rs. 631 Lakhs on Inter-Corporate Borrowings.

### Amendments to Ind As 7 Statement of Cash Flows: Disclosure Initiatives

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

Particulars		01-Apr-19	Cash Flow	Other Adjustments ^	31-Mar-20
Borrowings(Non-current and Current Maturities of Long Term Debts)	@	6,577	(15)	(3,197)	3,365
Borrowings (Current)	*	16,843	(219)	3,197	19,821
<b>Total</b>	\$	<b>23,420</b>	<b>(234)</b>	-	<b>23,186</b>

\$ Refer Consolidated Statement of Cash Flows

^ Other Adjustments indicate re-classification of Non-Current Inter-Corporate Deposits into Current Inter-Corporate Deposits.

Refer Note 18 and Note 20

\*Refer Note 19

Particulars		01-Apr-18	Cash Flow	Other Adjustments ^	31-Mar-19
Borrowings(Non-current and Current Maturities of Long Term Debts)	@	4,748	1,829	-	6577
Borrowings (Current)	*	16,652	191	-	16843
<b>Total</b>	\$	<b>21,400</b>	<b>2,020</b>	-	<b>23420</b>

\$ Refer Consolidated Statement of Cash Flows

@ Refer Note 19 and Note 20

\*Refer Note 19

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 20: Other Financial Liabilities

	31st March, 2020	31st March, 2019
<b>Non Current</b>		
Lease Obligation	222	-
<b>Total Non Current</b>	<b>222</b>	<b>-</b>
<b>Current</b>		
Current maturities of long-term debt	3,360	2,005
Interest accrued and due on Borrowings @	354	604
Employee Benefits Payable	430	326
Lease Obligation	8	-
Capital Creditors	19	19
Liability for Other Expenses \$	1,577	1,249
<b>Total Current</b>	<b>5,748</b>	<b>4,203</b>
<b>Total Other Financial Liabilities</b>	<b>5,970</b>	<b>4,203</b>

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

@ For interest accrued and due on bank borrowings as at 31st March, 2020, refer Note 18 B and 19 B

### Note 21: Trade Payables

	31st March, 2020	31st March, 2019
Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 41)	31	21
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,495	7,712
<b>Total Trade Payables</b>	<b>6,526</b>	<b>7,733</b>
Non-current Portion	1	3
Current portion	6,525	7,730

### Note 22: Provisions

	31st March, 2020	31st March, 2019
Warranty	104	103
Anticipated loss on contracts	145	126
<b>Total</b>	<b>249</b>	<b>229</b>
Current portion	104	103
Non-current portion	145	126



## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### (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 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 31st March 2020, this particular provision had a carrying amount of Rs 104 lakhs (31st March, 2019 Rs 103 lakhs). Where claims costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 10 lakhs higher or lower (31 March, 2019 Rs 11 lakhs higher or lower).

### (ii) Movements in Provisions

	Warranty	
	31st March, 2020	31st March, 2019
Balance as at the beginning of the year	103	117
Additions	22	13
Amount used	(20)	(12)
Amount reversed	(1)	(15)
Balance as at the end of the year	104	103

	Liquidated Damages	
	31st March, 2020	31st March, 2019
Balance as at the beginning of the year	-	50
Amount used	-	(50)
Balance as at the end of the year	-	-

	Anticipated loss on contracts	
	31st March, 2020	31st March, 2019
Balance as at the beginning of the year	126	109
Unwinding of discount	20	17
Amount used	1	*
Balance as at the end of the year	145	126

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

### Note 23: Employee Benefit Obligations

	31st March, 2020			31st March, 2019		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	74	313	387	291	-	291
Compensated Absence	12	67	79	20	176	196
Long Term Service Award	-	7	7	2	10	12
Superannuation Fund	13	-	13	-	-	-
<b>Total Employee Benefit Obligations</b>	<b>99</b>	<b>387</b>	<b>486</b>	<b>313</b>	<b>186</b>	<b>499</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### (i) Post-employment obligations

#### a) Gratuity

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

Plans (funded) :

	Present value of Obligation	Fair value of plan Assets	Net amount
<b>As at 1st April, 2018</b>	<b>672</b>	<b>(474)</b>	<b>198</b>
Current service cost	37	-	37
Interest expense/(income)	43	(36)	7
<b>Total amount recognised in profit or loss</b>	<b>81</b>	<b>(36)</b>	<b>44</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	6	6
(Gain)/loss from change in financial assumptions	3	-	3
Experience (gains)/losses	111	-	111
<b>Total amount recognised in other comprehensive income</b>	<b>115</b>	<b>6</b>	<b>121</b>
Employer contributions/premiums paid	-	(95)	(95)
Benefit payments	(215)	215	-
<b>As at 31st March, 2019</b>	<b>652</b>	<b>(383)</b>	<b>269 \$</b>
	Present value of obligation	Fair value of plan assets	Net amount
<b>As at 1st April, 2019</b>	<b>652</b>	<b>(383)</b>	<b>269</b>
Current service cost	42	-	42
Interest expense/(income)	50	(27)	24
<b>Total amount recognised in profit or loss</b>	<b>92</b>	<b>(27)</b>	<b>66</b>
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in financial assumptions	26	-	26
Experience (gains)/losses	38	-	38
<b>Total amount recognised in other comprehensive income</b>	<b>64</b>	<b>1</b>	<b>65</b>
Employer contributions/premiums paid	-	(29)	(29)
Benefit payments	(93)	93	-
<b>As at 31st March, 2020</b>	<b>715</b>	<b>(345)</b>	<b>370 \$</b>

\$ Refer Note 13 and Note 23

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

	31st March, 2020	31st March, 2019
Present value of funded obligations	715	652
Fair value of plan assets	(345)	(383)
<b>Deficit of funded plans</b>	<b>370</b>	<b>269</b>

#### 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:

	31st March, 2020	31st March, 2019
Discount rate	7.00%	7.70%
Salary escalation rate	4% - 6%	4% - 6%
Withdrawal rate	1% to 8%	1% to 8%
Mortality rate: In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate		

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

The contribution expected to be made by the Group for the year ended March 31, 2021 is not readily ascertainable.

#### Expected Payout

The weighted average duration for 2019-20 of the defined benefit obligation is 9.93 years ( March 31, 2019: 9.82 years). The expected maturity analysis of undiscounted gratuity is as follows

	31st March, 2020	31st March, 2019
Less than a year	132	103
Between 1 to 2 years	133	217
Between 2 to 5 years	295	261
More than 5 Years	558	558
<b>Total</b>	<b>1,118</b>	<b>1,139</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

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

	31st March, 2020	31st March, 2019
<b>Sensitivity Analysis</b>		
Under Base scenario	585	530
Increase in discount rate by 1%	679	619
Decrease in discount rate by 1%	754	687
Increase in salary escalation by 1%	756	688
Decrease in salary escalation by 1%	677	617
Increase in Withdrawal rate by 1%	720	646
Decrease in Withdrawal rate by 1%	708	657

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 Consolidated 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
Interest risk	Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.
Life expectancy	A decrease in the interest rate on plan assets will increase the plan liability. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

### b) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Group contributes to the provident funds trusts set up by the holding company in respect of certain categories of employees which is administered by Trustees. Both the employees and the Group make monthly contributions to the Funds at specified percentage of the employee's salary to and aggregate contributions along with interest thereon are paid to the employee's/ nominee's at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Group.

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

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the Balance Sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Group as at the Balance Sheet date. Further during the year, the Group's contribution of Rs.178 ( 2018-19 Rs. 181) 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 -

#### Principal Actuarial assumptions used:

	31st March, 2020	31st March, 2019
Discount rate	7.00%	7.70%
Expected Return on Exempted Fund	8.50%	8.65%

Contribution to Defined Contribution Plans, recognised as expense in Statement of Profit and Loss for the year is as under:

#### (ii) Post Employment Defined Contribution Plan

Particulars	31st March, 2020	31st March, 2019
Employer's Contribution to Provident Fund	157	153

#### (iii) Compensated absence

As a measure of curtailing Holding Company's financial expenses/liabilities, the benefit to the management personnel on account of payments towards leave encashment has been discontinued. Accordingly, the amount of provision towards leave encashment of Rs 128 lakhs till March 2019 has been written back in the current financial year based on management decision by Holding Company.

### Note 24: Other Liabilities

	31st March, 2020	31st March, 2019
Advance received from customers	4,464	4,989
Due to Customers	550	-
Dues payable to Government Authorities	57	50
<b>Total other current liabilities</b>	<b>5,070</b>	<b>5,039</b>
Current portion	5,070	4,718
Non-current portion	-	321

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 25: Revenue from Operations

	31st March, 2020	31st March, 2019
Sale of Products	15,411	22,234
Sale of Services	1,481	1,241
Contract Revenue	319	269
Other Operating Revenue	307	573
<b>Total Revenue from Operations</b>	<b>17,518</b>	<b>24,317</b>

### Note 26: Other Income

	31st March, 2020	31st March, 2019
Rental Income	48	48
Provision for Anticipated Losses Written Back	-	*
Interest Income from Financial Assets at Amortised Cost	417	285
Allowance for Bad Debts Written Back	247	375
Provision no longer required Written Back	75	395
Liabilities no longer required Written Back	246	390
Advances Written Back	65	112
Profit on Sale of Property, Plant and Equipment	-	5
Foreign Exchange Gain	3	1
Interest Income	4	-
Miscellaneous Income	45	69
<b>Total Other Income</b>	<b>1,150</b>	<b>1,680</b>

\* amount is below rounding off norm adopted by Group

### Note 27: Cost of Materials Consumed

	31st March, 2020	31st March, 2019
Raw Materials at the beginning of the year	2,551	2,334
Add: Purchases	8,643	10,175
Less: Raw Material at the end of the year	2,793	2,551
<b>Total Cost of Materials Consumed</b>	<b>8,401</b>	<b>9,958</b>

### Note 28: Changes in Inventories of Work-in-progress and Finished Goods

	31st March, 2020	31st March, 2019
<b>Opening balance</b>		
Work-in progress(net of provisions)*	7,376	11,199
Finished Goods	-	155
<b>Total Opening Balance</b>	<b>7,376</b>	<b>11,354</b>
<b>Closing Balance</b>		
Work-in progress	6,858	9,940
Finished goods	63	-
<b>Total Closing Balance</b>	<b>6,920</b>	<b>9,940</b>
<b>Total changes in Inventories of Work-in-progress and Finished Goods</b>	<b>456</b>	<b>1,414</b>

\*Work-in progress as at 1st April 2019 Rs 7,376 is net of provision made by the Holding Company of Rs 2,564 during 2018-19 as an exceptional item.

### Note 29: Employee Benefit Expenses

	31st March, 2020	31st March, 2019
Salaries, Wages and Bonus	2,790	3,107
Contribution to Provident and Other Funds	287	247
Staff Welfare Expenses	138	128
<b>Total Employee Benefit Expenses</b>	<b>3,214</b>	<b>3,482</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

<b>Note 30: Depreciation and Amortisation expense</b>		
	Year ended 31st March, 2020	Year ended 31st March, 2019
Depreciation of Property, Plant and Equipment	802	1,228
Depreciation on Investment Properties	3	3
Amortisation of Intangible Assets	1	31
<b>Total Depreciation and Amortisation Expense</b>	<b>806</b>	<b>1,262</b>

<b>Note 31: Other Expenses</b>		
	Year ended 31st March, 2020	Year ended 31st March, 2019
Consumption of Stores and Spares	512	1,192
Fabrication and Other Charges	2,179	1,632
Power	294	297
Repairs and Maintenance	-	-
To Plant and Machinery	73	73
To Buildings	22	16
To Others	92	71
Professional Fees	567	473
Rental Charges	30	77
Subscriptions and Donations	1	1
Rates and Taxes	55	57
Insurance	75	80
Freight	454	231
Travel and Conveyance	446	451
Directors Fees	2	-
Royalty	16	7
Commission Expenses	36	88
Bad Debts written off	1	7
Liquidated Damages Expenses	32	10
Allowance for Doubtful Debts on Trade Receivables / Other Assets	329	351
Advances Written off	27	12
Provision for Warranty	17	(2)
Loss on Foreign Currency Transactions/Translations	5	4
Miscellaneous Expenses (refer note 30 (a) below)	429	923
<b>Total Other Expenses</b>	<b>5,694</b>	<b>6,051</b>

<b>Note 31(a): Miscellaneous Expenses include</b>		
	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>Auditors Remeration</b>		
As Auditors(including Limited Review)	36	56
For Other Services	*	-
<b>Total Remeration</b>	<b>36</b>	<b>56</b>

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

**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.

<b>Note 32: Finance Costs</b>		
	Year ended 31st March, 2020	Year ended 31st March, 2019
On Banks Borrowings	700	3,408
Other Borrowing Cost	73	303
<b>Total Finance Costs</b>	<b>773</b>	<b>3,711</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lacs, unless otherwise stated)

### 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.

	31st March, 2020	31st March, 2019
<b>(a) Income Tax Expense</b>		
<i>Current tax</i>		
Current tax on profits for the year	-	-
<b>Total Current Tax Expense</b>	-	-
<i>Deferred Tax</i>		
Decrease (increase) in deferred tax assets	1	(997)
(Decrease) increase in deferred tax liabilities	(1)	(136)
<b>Total Deferred Tax Expense/(benefit)</b>	-	<b>(1,133)</b>
<b>Income Tax Expense</b>	-	<b>(1,133)</b>
-through Profit and Loss	-	(1,102)
-through Other Comprehensive Income	(15)	(31)

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

	31st March, 2020	31st March, 2019
Profit from continuing operations before Income Tax Expense	(676)	(4,878)
Other Comprehensive Income	(66)	(120)
	<b>(742)</b>	<b>(4,998)</b>
<b>Tax at the applicable Indian Tax Rate</b>		
Income tax charge on profit of a subsidiary	-	(123)
Add : Deferred Tax Asset created for Unabsorbed business loss	-	(957)
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	-	1
Disallowance for doubtful debts and doubtful advances	-	(142)
Change in carrying value of assets under Income tax and books	-	(126)
Others		214
<b>Income Tax Expense</b>	-	<b>(1,133)</b>

### Note 34: Contingent Liabilities

	31st March, 2020	31st March, 2019
<b>(a) Claims against the Group not acknowledged as debts :-</b>		
Excise Duty and Service tax matters under dispute	2,479	2,479
Sales Tax and Value Added Tax matters under dispute	3,580	3,562
Income-tax matters	1,070	1,074
Civil Suits filed by Customer for Equipment issue	117	117
Demand from Jharkhand Mineral Area Development Authority	1,055	1,055
Civil Suits filed by Suppliers	132	132
Other claims	41	41
	<b>8,474</b>	<b>8,460</b>
<b>(b) Others</b>		
Performance bank guarantees [Limit: Rs 2,900 lacs (31 March, 2019: Rs 2,900 lacs)]-Amount utilised	1,949	1,949
Corporate Guarantee to banks on behalf of Holding company to the extent of value of erstwhile product division of Holding Company (Kumardhubi Unit I) [Refer Note 3(a) and Note no 50]	5,950	5,950
	<b>7,899</b>	<b>7,899</b>
	<b>16,373</b>	<b>16,359</b>

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

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 35: Fair Value Measurements

#### Financial Instruments by category

	31st March, 2020			31st March, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial Assets</b>						
Trade Receivables	-	-	9,464	-	-	10,943
Cash and Cash Equivalents	-	-	521	-	-	559
Other Bank Balances	-	-	187	-	-	272
Other Financial Assets	-	-	1,229	-	-	1,067
<b>Total Financial Assets</b>	-	-	<b>11,401</b>	-	-	<b>12,841</b>
<b>Financial Liabilities</b>						
Borrowings	-	-	23,185	-	-	23,420
Trade Payables	-	-	6,526	-	-	7,733
Other Financial Liabilities	-	-	2,610	-	-	2,198
<b>Total Financial Liabilities</b>	-	-	<b>32,321</b>	-	-	<b>33,351</b>

#### (i) Fair Value Hierarchy

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

Financial assets and liabilities measured at fair value- recurring fair value measurements at 31st March, 2020 - 8 and Nil respectively (31st March, 2019- Nil).

#### Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed At 31st March, 2020

	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Unbilled Revenue	10	-	-	635	635
<b>Total Financial Assets</b>		-	-	<b>635</b>	<b>635</b>
<b>Financial Liabilities</b>					
Retention Money Payable	19	-	-	67	67
<b>Total Financial Liabilities</b>		-	-	<b>67</b>	<b>67</b>

#### Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed At 31 March 2019

	Notes	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Unbilled Revenue	10	-	-	605	605
<b>Total Financial Assets</b>		-	-	<b>605</b>	<b>605</b>
<b>Financial Liabilities</b>					
Retention Money Payable	19	-	-	88	88
<b>Total Financial Liabilities</b>		-	-	<b>88</b>	<b>88</b>

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

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

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

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

#### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

The carrying amount of financial assets and financial liabilities carried at amortised cost are considered to be the same as their fair value, due to their short term nature.

#### (iii) Fair value of financial assets and liabilities measured at amortised cost

Particulars	31-Mar-20		31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>				
Unbilled revenue	635	635	605	605
<b>Total Financial Assets</b>	<b>635</b>	<b>635</b>	<b>605</b>	<b>605</b>
<b>Financial Liabilities</b>				
Retention Money Payable	67	67	88	87
<b>Total Financial Liabilities</b>	<b>67</b>	<b>67</b>	<b>88</b>	<b>87</b>

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.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### 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 forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant changes in the operating results of the payer
- significant increase in credit risk on other financial instruments of the same payer
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the payer, including changes in the operating results of the payer

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

Financial assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the group or where payer/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-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	
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	1,067	-	-	-	-	1,229	1,067

#### (iii) Reconciliation of Loss Allowance Provision- Trade Receivables

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Loss allowance on at Opening Balance Sheet date		3,516		4,475
Changes in loss allowance		(30)		(959)
Loss allowance on at Closing Balance Sheet date		3,486		3,516

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

#### (B) Liquidity Risk

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

Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows 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	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
	Borrowings	23,181	18,848	4	4,572	23,185
Trade Payables	6,525	7,730	1	3	6,526	7,733
Other Financial Liabilities	2,388	2,198	-	-	2,388	2,198
<b>Total Financial Liabilities</b>	<b>32,094</b>	<b>28,776</b>	<b>5</b>	<b>4,575</b>	<b>32,099</b>	<b>33,351</b>



## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### (C) Market Risk

#### (i) Foreign Currency Risk

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

(a) Foreign currency risk exposure:

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

	As at 31 March, 2020			As at 31 March, 2019		
	USD	EURO	GBP	USD	EURO	GBP
<b>Financial Assets</b>						
Trade Receivables	2	41	-	2	4	*
Advance to Supplier	-	4	-	-	-	-
	2	45	-	2	4	-
<b>Financial Liabilities</b>						
Advance From Customer	35	24	-	10	123	-
Trade Payables	54	157	2	32	2	-
	89	181	2	42	125	-

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

(b) Sensitivity:

Impact on profit

	As at 31st March, 2020			As at 31st March, 2019		
	USD	EURO	GBP	USD	EURO	GBP
Increase by 5% #	(4)	(7)	*	(2)	(6)	*
Decrease by 5% #	4	7	*	2	6	*

# Holding all other variables constant

#### (ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During 31 March 2020 and 31 March 2019, the group's borrowings at variable rate were mainly denominated in INR.

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

(a) Interest rate risk exposure

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

	As at 31st March, 2020	As at 31st March, 2019
Variable rate borrowings	18,261	18,425
Fixed rate borrowings	4,924	4,995

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result

	As at 31 March, 2020	As at 31 March, 2019
Increase in interest rates by 50 basis points (50 bps) #	(92)	(90)
Decrease in interest rates by 50 basis points (50 bps) #	92	90

# 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 assets to reduce debt.

#### Loan Covenants

Under the terms of the major borrowing facilities, the group is required to comply with certain financial covenants, of which some have not been complied with as at Balance Sheet date.

### Note 38: Assets Pledged as Security

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

	As at 31 March, 2020	As at 31 March, 2019
<b>Current</b>		
<b>Financial Assets</b>		
Trade Receivables	8,974	9,360
Cash and Cash Equivalents	708	831
Other Financial Assets	725	695
<b>Non-financial Assets</b>		
Inventories	10,771	10,782
Other Current Assets	1,763	1,290
<b>Total Current assets</b>	<b>22,940</b>	<b>22,263</b>
<b>Non-current</b>		
Trade Receivables	490	1,583
Property, Plant and Equipments	12,413	13,101
Capital work-in-progress	20	41
Investment properties	361	364
Other Intangible Assets	2	*
<b>Total Non-current assets</b>	<b>13,286</b>	<b>13,506</b>
<b>Total Assets pledged as security</b>	<b>36,226</b>	<b>35,769</b>

\* rounding off norm adopted by the Group

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 31.03.2020 of Rs. 509 (31.03.2019 Rs. 523) comprised in erstwhile Product Division of MBECL(Kumardhubi Unit 1) and Rs 228 excluded for ROU Assets from Property, Plant and Equipment recognised during the year as per IND AS 116.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### Nature of Leasing Activities

The Company has entered into lease arrangements such as lands and buildings for purpose of its plants, facilities, offices.

Details of some significant leases (including in substance leases) are as under;

a. Company have entered into lease arrangement for lease of land for Office Space.

### Amount Recognized in the Consolidated Statement of Profit and Loss Account or Carrying Amount of Another Asset

(Rs. in Lacs)

Particulars	2019-20
Depreciation recognized	25
Interest on lease liabilities	31
Expenses relating to short-term leases & of low-value assets	30
Total cash outflow for leases	65
Additions to ROU during the year	0
Net Carrying Amount of ROU at the end the year	228

The details of ROU Asset included in PPE (Note 3) held as lessee by class of underlying asset (excluding those covered in Investment property) is presented below :-

(Rs. in Lacs)

Asset Class	Items Added to RoU Asset as on 01.04.2019*	Additions to RoU Asset during the Year	Depreciation Recognized During the Year	Net Carrying value as on 31.03.2020
Office Space	253	-	25	228
Total	253	-	25	228

\* Leases added to RoU Asset for lease agreements entered before 01.04.2019 on net carrying value.

Application of this standard has resulted a net decrease in Profit before Tax for the period April - Mar 2020 by Rs.20 lacs (increase in Depreciation & Amortization expenses, Finance Cost by Rs. 25 lacs, Rs 31 lacs and respectively and decrease in Other Expenses by Rs. 36 lacs)

### b) As Lessor

#### Operating Lease

The lease rentals recognized as income in these statements as per the rentals agreements:

(Rs. in Lacs)

Particulars	2019-20
Lease rentals recognized as income during the year	48

These relate to Land subleased to McNally Bharat Engineering Company Limited for use of its business. Asset class wise details have been presented under Note 5: Investment Properties.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lacs, unless otherwise stated)

### Note 39: Earnings Per Share

	31st March, 2020	31st March, 2019
<b>Basic Earnings Per Share</b>		
Net Profit/ (Loss) after tax (Rs in Lakhs)	(651)	(3,776)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	1,25,89,273	1,19,23,520
<b>Basic Earning Per Share (in Rs.)</b>	<b>(5.17)</b>	<b>(31.67)</b>
<b>Diluted Earnings Per Share *</b>		
Net Profit/ (Loss) after tax	(651)	(3,776)
Net Profit/ (Loss) (Rs in Lakhs)	<b>(651)</b>	<b>(3,776)</b>
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	1,25,89,273	1,19,23,520
<b>Diluted Earning Per Share (in Rs.)</b>	<b>(5.17)</b>	<b>(31.67)</b>
<b>Weighted average number of shares used as the denominator</b>		
Number of equity share at the beginning of the year	1,25,89,273	1,07,89,273
Weighted average number of equity share issued during the year	-	11,34,247
Weighted average number of equity share at the end of the year	1,25,89,273	1,19,23,520

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

### Note 40: Commitments

#### (a) Capital Commitments

Particulars	31-Mar-20	31-Mar-19
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities :	38	38

#### (b) Cancellable Operating Leases

##### Transition and Practical Expedient

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1st April 2019, the Group has adopted Ind AS 116 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (i.e. 1st April 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on 1st April 2019. The lease liability is measured at the present value of remaining lease payments and right of use asset has been recognized at an amount equal to the lease liability.

The Group has exercised following practical expedient;

- Company has not reassessed whether a contract is, or contains, a lease at the date of initial application i.e. the contracts classified as leases as on 31st March 2019 as per Ind-AS 17 is treated as leases under Ind-AS 116 and not applying this standard to contracts that were not previously identified as containing a lease applying Ind AS 17.
- For leases for which the lease term ends within 12 months of the date of initial application have been accounted as short term leases.

The effect of this standard on transition and year ended 31st March 2020 along with relevant disclosures are as follows:

##### Recognition

All leases taken as lessee, except leases for short-term and leases of low value assets, shall be recognized in the Consolidated Financial Statements as an asset (Right-of-Use asset) and a corresponding Lease Liability (as borrowings) by discounting the lease payments over the lease term. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Statement of Profit and Loss, unless the same are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

- The Lease Liability shall be measured at the present value of all the lease payments due over the lease term.
- The Right-of-Use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located.
- Discount rate to be used shall be the rate implicit in the lease. If it is impracticable to determine the implicit rate, MSEL incremental borrowing rate for the quarter earlier to the quarter in which the lease is entered is used.
- In case of composite contracts, the lease and non-lease components needs to be segregated (unless impracticable) as per relative standalone prices and only lease component needs to be discounted. If segregation of contract is impracticable, the entire component will be treated as lease component and shall be discounted accordingly.

Subsequently, at each Balance Sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid.

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### Note 41 : Details of dues to Micro And Small Enterprises:

Particulars	31st March, 2020	31st March, 2019
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	31	21
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	6	12
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	246	348

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 Nil (31.03.2019 Rs. 32)

### Note 43

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

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

	31-Mar-20	31-Mar-19
<b>Revenue from Customers</b>		
- India	17,333	24,198
- Outside India	185	119
	17,518	24,317
<b>Non-current Assets</b>		
- India	20,852	22,334
- Outside India	-	-

External customers individually accounting for more than 10% of the revenues have generated Nil revenue from operations for the Group in the current year (Year ended 31 March, 2019-Nil )

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### 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 #

MBE Mineral Technologies Pte Limited #

MBE Minerals Zambia Ltd #

##### iii) Post employment benefit plan of the Company

McNally Bharat Executive Staff Gratuity Fund (MBESGF)

McNally Bharat Employees Provident Fund (MBEPF)

##### iv) Key Managerial Personnel

Mr. Pradip Kumar Tibdewal – Whole Time Director

Mr. Uttam Tekriwal – Chief Financial Officer

Mr. Saikat Ghosh - Company Secretary

##### v) Key Managerial Personnel of the Holding Company (McNally Bharat Engineering Company Limited)

Mr. Srinivash Singh – Managing Director

Mr. Manoj Kumar Digga - Chief Financial Officer

Mr. Indranil Mitra - Company Secretary (Till 10th Jul 2019)

Mr. Rahul Banerjee - Company Secretary ( From - 14th Aug 2019)

# No transactions during the year.

### (c) Transactions with related parties:

The following transactions occurred with related parties:

	31st March, 2020	31st March, 2019
Sale of Products and Services - MBECL	511	2,277
Rental Income - MBECL	48	48
Rental and Other Charges - MBECL	-	18
Issue of Equity Shares - MBECL	-	180
Remuneration paid to Key Managerial Personnel		
Mr. Pradip Kumar Tibdewal – Whole Time Director	110	107
Mr. Uttam Tekriwal – Chief Financial Officer	51	48
Mr. Saikat Ghosh - Company Secretary	6	5
Contribution to Fund - MBESGF	19	90
Contribution to Fund - MBEPF	134	136

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:	31-Mar-20	31-Mar-19
Trade and Other Receivables	169	242
MBECL		
Other Current Liabilities	2,782	2,767
MBECL		
Outstanding Corporate Guarantee Given	5,950	5,950
MBECL		
Outstanding Corporate Guarantee Received	7,850	7,850
MBECL		
Key Managerial Personnel		
Pradip Kumar Tibdewal            Whole Time Director	6	5
Uttam Tekriwal                 Chief Financial Officer	3	3
Saikat Ghosh                    Company Secretary	*	*

### Notes :

(a) Provision for employee benefits, which are based on actuarial valuation done on an overall basis for the Group as a whole hence the employee benefit cost as per Ind AS 19 for key managerial personnel is not available. The amount disclosed reflects the total cost to the Group for the key managerial personnel.

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

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

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note 45: Disclosure of recovery or settlement of assets and liabilities

Particulars	31st March, 2020		31st March, 2019	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	-	13,150	-	13,630
Capital Work-in-progress	-	20	-	41
Investment Properties	-	361	-	364
Other Intangible Assets	-	2	-	*
Financial Assets				
Trade Receivables	-	490	-	1,583
Other Financial Assets	-	504	-	372
Deferred Tax Assets	-	6,234	-	6,234
Other Non-current Assets	-	91	-	110
<b>Current Assets</b>				
Inventories	10,771	-	10,782	-
Financial Assets				
Trade Receivables	8,974	-	9,360	-
Cash and Cash Equivalents	521	-	559	-
Bank Balances other than above	187	-	272	-
Other Financial Assets	725	-	695	-
Other financial assets	202	-	398	-
Current Tax Assets (Net)	1,763	-	1,290	-
Other Current Assets				
<b>Non-current liabilities</b>				
Financial Liabilities				
Borrowings	-	4	-	4,572
Trade Payables	-	-	-	-
Other financial liabilities	-	222	-	-
Provisions	-	145	-	126
Employee Benefit Obligations	-	387	-	186
Other Non-current Liabilities	-	-	-	321
<b>Current Liabilities</b>				
Financial Liabilities				
Borrowings	19,821	-	16,843	-
Trade Payables	6,525	-	7,730	-
Other Financial Liabilities	5,748	-	4,203	-
Provisions	104	-	103	-
Employee Benefit Obligations	99	-	313	-
Other Current Liabilities	5,070	-	4,718	-

\* 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 :

	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated Net assets	Amount(In Rs Lakhs)	As % of Consolidated Profit/(Loss)	Amount(In Rs Lakhs)
<b>Holding Company:</b>				
McNally Sayaji Engineering Limited	96%	5,645	104.52%	(681)
<b>Subsidiary</b>				
MBE Coal & Mineral Technology India Private Limited	4%	224	-4.52%	29
<b>TOTAL</b>	<b>100%</b>	<b>5,869</b>	<b>100%</b>	<b>(652)</b>

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

(All amounts in Rs lakhs, unless otherwise stated)

### Note : 47

The Holding Company has been categorized as Non-Performing Asset by the lender banks. Consequently, majority of the lender banks have stopped debiting interest on their debts. The Holding Company has not recognised interest expense on Bank borrowings amounting to Rs. 2,678 Lakhs and Rs. 631 Lakhs on Inter-Corporate Borrowings, for the financial year ended 31st March, 2020.

### Note 48

The Holding Company's financial performance has been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors its control and the Holding Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Holding Company has received binding Term Sheet for infusion of fresh funds for debt restructuring. The Term Sheet is being discussed with the Lenders of the Holding Company and the necessary process has been initiated for debt restructuring. In the meanwhile, with the COVID-19 lockdown in the country, progress of the funding of the investors has been impacted. Based on the aforesaid ongoing developments, the Management is still hopeful that with the lenders and their approval of the restructuring proposal, the Holding Company will be able to generate sufficient cash inflows through profitable operations to discharge its financial obligations. Accordingly, the Board of Directors of the Holding Company has decided to prepare the Consolidated Financial Statements on going concern basis.

### Note 49

The World Health Organization (WHO) declared outbreak of COVID-19 a global pandemic on 11th March, 2020. Consequent to this, Government of India (GOI) had declared a national lockdown on 24th March, 2020 which got extended from time to time. The COVID- 19 has significantly impacted business operations of the Group, by way of interruption in the business operations, supply chain disruption, limited availability of human resource etc. The Group is closely monitoring the situation and the operations are being resumed in a phased manner considering directives from the GOI. The Group has evaluated its liquidity position and recoverability and carrying value of its Non-Current & Current Assets and has concluded that no material adjustments are required currently at this stage.

### Note 50

In earlier years, the Holding Company had issued a corporate guarantee in favour of the lender banks of its Holding Company, McNally Bharat Engineering Company Limited to the extent of value of its Kumardhubi Unit-1's fixed assets having a book value of Rs. 509 lacs as on 31st March, 2020. The Review Report of the Holding Company for the nine months ended 31st December, 2019 expressed material uncertainty towards going concern of the Holding Company which is awaiting approval of its debt restructuring proposal from the lenders. Since the resolution plan of its Holding Company is under consideration, no provision has been made in the Consolidated Financial Statements of the Company.

### Note 51

During the previous year ended 31st March, 2019, downturn of the infrastructure and core sector combined with other factors had necessitated the Holding Company's management to undertake a comprehensive evaluation of its inventories. Such evaluation resulted in identification of certain inventories which required provisioning. Accordingly, a provision of Rs. 2,591 Lacs was taken in the Consolidated Financial Statements of previous year for such inventories and shown as an exceptional item.

### Note 52

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

### Note 53

On the date of the Balance Sheet, the Subsidiary Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Particulars	31st March 2020	31st March 2019
(i) Contract revenue recognized for the year	319	269
(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.	10,070	9,825
(iii) Amount of customer advances outstanding for contracts in progress	627	925
(iv) Amount retained by customers for contracts in progress	786	1,041

## Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2020

### Note 54

There are no significant subsequent events that would require adjustments or disclosure in the Consolidated Financial Statements as on the date of approval of these Consolidated Financial Statements.

### Note 55

The Consolidated Financial Statement of the Company for the year ended 31 March, 2019 was audited by the predecessor auditor, M/s Deloitte Haskins & Sells LLP, Chartered Accountants.

### Note 56

Previous Year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

### Signature to the Notes 1 to 56 As per our Report of even date

For **V. Singhi & Associates**  
*Chartered Accountants*  
Firm Registration No. 311017E

For and on behalf of Board of Directors

**(V.K Singhi)**  
Partner  
Membership No:050051

**(Pradip Kumar Tibdewal)**  
*Whole time Director*  
(DIN: 07877787)

**(Srinivash Singh)**  
*Director*  
(DIN:00789624)

Place : Kolkata  
Date : 15th July, 2020

**(Uttam Tekriwal)**  
*Chief Financial Officer*

**(Saikat Ghosh)**  
*Company Secretary*





**McNally Sayaji Engineering Limited**  
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