McNally Sayaji Engineering Limited

ANNUAL REPORT 2020-21

Between the Covers:

Corporate Information

McNALLY SAYAJI ENGINEERING LIMITED
CIN: L28999WB1943PLC133247

Interim Resolution Professional
CA Jitendra Lohia (IP Registration No. IBBI/IPA/P00170/2017-18/10339)

Board of Directors (suspended during Corporate Insolvency Resolution Process WEF 11.02.2021)
Mr. Aditya Khaitan - Non Executive Non Independent Director
Mrs. Kasturi Roy Choudhury - Non Executive Independent Director
Mr. Nilotpal Roy - Non Executive Independent Director
Mr. Srinivash Singh - Non Executive Non Independent Director
Mr. Aseem Srivastav - Whole Time Director & CEO WEF 02.12.2020

Chief Financial Officer
Mr. Purajit Roy

Company Secretary
Mr. Saikat Ghosh

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

Registered & Corporate Office
Ecospace, Campus 2B, 11F/12
New Town, Rajarhat
Kolkata - 700160, West Bengal
T: +91 33 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: +91 33 22482248
F: +91 33 2248 4787
E: mdpldc@yahoo.com

Notice

The members are hereby intimated that the National Company Law Tribunal ("NCLT"), Kolkata Bench, vide its order dated 11th February, 2021 ("Insolvency Commencement Order") admitted the application for initiation of Corporate Insolvency Resolution Process ("CIRP") in Company Petition No. CP (IB) 131/KB/2020 based on the petition filed by ICICI Bank Limited in accordance with Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC 2016"/"the Code"). Pursuant to the said order, CA Jitendra Lohia (IP Registration No. **IBBI/IPA/P00170/2017-18/10339**) was appointed as the Interim Resolution Professional (IRP) to manage the affairs of the Company as per the provisions of the Code.

However, before the principal bench of the National Company Law Appellate Tribunal("NCLAT") at New Delhi an appeal was also filed against the said order passed by the Hon'ble NCLT, Kolkata Bench. In accordance with the order of the NCLAT no Committee of Creditors ("CoC") has yet been formed. However, In terms of Section 17 of the Code, the powers of the Board of Directors of the Company stand suspended on commencement of the CIRP and the same are being exercised by CA Jitendra Lohia, the IRP. The management of the affairs of the Company has also been vested with Interim Resolution Professional. Accordingly no resolution pertaining to directors are placed before the shareholders at the Seventy Seventh Annual General Meeting.

NOTICE is hereby given that the Seventy Seventh Annual General Meeting of the Members of McNally Sayaji Engineering Limited will be held on 23rd December, 2021 at 3:00 p.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, 2021 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, 2021 and the Report of the Auditors thereon.

Special Business:

2. **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, 2022 amounting to Rs. 40,000/- (Rupees Forty Thousand Only) the details of which are given in the Explanatory Statement in respect of this item of business, be and is hereby ratified."

By the Order of Interim Resolution Professional
For **McNally Sayaji Engineering Limited**
(Company under Corporate Insolvency Resolution Process)

Place: Kolkata
Date: November 22, 2021

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 ,April 13, 2020 and January 13,2021 (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. However, the company had filed an application before the Registrar of Companies, West Bengal seeking extension of time for holding the Annual general Meeting of the company for the financial year ended 31.03.2021 for a period of three months from the last date on which such Annual General Meeting should have been held. The Registrar of Companies, West Bengal vide it's letter dated 06.09.2021 granted such extension of time up to 31.12.2021. Therefore, the Seventy Seventh Annual General Meeting of the company is being held in accordance with extension of time granted by the Registrar of Companies, West Bengal.

- 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.

- 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.

  However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

- The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

- 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 with a copy marked to 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 I which is forming a part of the notice.

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 16th December, 2021.
- 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 17th December,2021 to 23rd December,2021 (both days inclusive).
- 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 in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in Annexure I of the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- 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,5th 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 2020-21 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 2020-21 will also be available on the Company's website www.mcnallysayaji.com, website of the Stock Exchange i.e. Metropolitan Stock Exchange of India Limited at www.msei.com and on the website of Central Depository Services(India) Limited at 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.

- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

ANNEXURE I

I INSTRUCTIONS FOR REMOTE E VOTING AND JOINING THE AGM ARE AS FOLLOWS:

(i) The voting period begins on 19.12.2021 at 9.00 A.M and ends on 22.12.2021 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16.12.2021 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) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders**, **by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular**,** Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your

	vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	**Helpdesk details**
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Notice

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.
2) Click on "Shareholders" module.
3) Now enter your User ID
   a. For CDSL: 16 digits beneficiary ID,
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4) Next enter the Image Verification as displayed and Click on Login.
5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) 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 **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) 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.

Notice

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant < McNally Sayaji Engineering Limited > on which you choose to vote.

(x) 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.

(xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

(xv) 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.

(xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 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 and to the Company at the email address mse.corp@mbecl.co.in , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

Notice

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 saikat.ghosh2@mbecl.co.in. 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 saikat.ghosh2@mbecl.co.in. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the 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 AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the 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.

Notice

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

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 **Company/RTA email id**.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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 or call on 022-23058542/43.

Notice

Item No. 2

The appointment of M/s. Biswajit & Associates, Cost Accountant as the Cost Auditor to conduct audit of the Cost Accounting records maintained by the Company for the Financial Year 2021-2022 at a remuneration of Rs. 40,000/- (Rupees Forty Thousand Only) plus applicable taxes and re-imbursement of out of pocket expenses was approved by the Interim Resolution Professional.

In terms of Setion 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors)Rules, 2014, the aforesaid remuneration is required to be ratified by the members.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No.2 of the of the Notice for approval of the remuneration payable to the Cost Auditor of the Company for the financial year ending March 31,2022.

Therefore, the resolution set out at Item No. 2 of the notice is recommended to shareholders for their approval.

By the Order of Interim Resolution Professional
For **McNally Sayaji Engineering Limited**
(Company under Corporate Insolvency Resolution Process)

Place: Kolkata
Date: November 22, 2021

Saikat Ghosh
Company Secretary

Directors' Report

Dear Shareholders,

Your Management takes great pleasure in presenting the Annual Report together with the Audited Financial Statements of your Company for the financial year ended on 31st March, 2021.

Initiation of Corporate Insolvency Resolution Process (CIRP)

This is to apprise the members of McNally Sayaji Engineering Limited that the National Company Law Tribunal ("NCLT"), Kolkata Bench, vide its order dated 11th February, 2021 ("Insolvency Commencement Order") admitted the application for initiation of Corporate Insolvency Resolution Process ("CIRP") in Company Petition No. CP (IB) 131/KB/2020 based on the petition filed by ICICI Bank Limited in accordance with Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC 2016"/"the Code"). Pursuant to the said order, CA Jitendra Lohia (IP Registration No. **IBBI/IPA/P00170/2017-18/10339**) was appointed as the Interim Resolution Professional (IRP) to manage the affairs of the Company as per the provisions of the Code.

However, before the principal bench of the National Company Law Appellate Tribunal("NCLAT") at New Delhi an appeal was also filed against the said order passed by the Hon'ble NCLT, Kolkata Bench. In accordance with the order of the NCLAT no Committee of Creditors ("CoC") has yet been formed. However, In terms of Section 17 of the Code, the powers of the Board of Directors of the Company stand suspended on commencement of the CIRP and the same are being exercised by CA Jitendra Lohia, the IRP. The management of the affairs of the Company has also been vested with Interim Resolution Professional. Accordingly no resolution pertaining to directors are placed before the shareholders at the Seventy Seventh Annual General Meeting.

The Directors' Report & annexure alongwith other accompanying documents has been prepared for the purpose of necessary compliances under the provisions of the Companies Act. 2013, SEBI (LODR) Regulations 2015, Secretarial Standards and other applicable law as may be applicable to the company. However, the provisions of IBC 2016 shall have overriding effect in terms of section 238 of the code for any inconsistency with any of the applicable laws.

Financial Highlights

The Company's financial performance for the year ended March 31, 2021 is summarized below:

(Rupees in Lakhs)

	2020-21	**2019-20**
Revenue from Operations	15,842	14,229
Other Income	217	500
Total Income	**16,059**	14,729
Finance Costs	88	448
Depreciation and amortization expenses	939	792
Profit / (Loss) before Tax & Exceptional Items	**981**	(682)
Exceptional items	—	—
Profit / (Loss) before Tax	**981**	(682)
Tax Expenses	—	—
Profit/ (Loss) after Tax	**981**	**(682)**

Directors' Report

COVID-19

The World Health Organization (WHO) declared outbreak of COVID-19, as a global pandemic and as a consequence, Government of India (GOI) as well as State Governments imposed various restrictions and protocols for compliance from time to time. The COVID-19 has significantly impacted overall business operations globally, the Company being no exception through interruption in the project activities, supply chain disruption, limited availability of human resource etc. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as respective State Governments, the business of the Company is regaining normalcy in terms of volume as well as cash flow.

The adverse impact on business due to the pandemic badly affected the business in Q1 FY 2020-21 which though has gradually improved in subsequent three quarters, yet to reach its normalcy.

However, the Company has evaluated its liquidity position, recoverability and carrying value of its assets and concluded that no material adjustments are required currently at this stage.

State of Company's Affairs and Review of Operations

The Financial year 2020-21 has been very challenging for your company, especially with the breakout Covid 19 pandemic globally. However, the efforts of the management as well as all stakeholders, including employees and workers, your company made a marginal growth of 9% over the last financial year.

The total income for the financial year under review was Rs.160.59 crores as against Rs.147.29 crores for the previous financial year. Interest expense on Bank Borrowings amounting to Rs. 40.69 crores and Rs. 6.29 crores on Inter – Corporate Borrowings for the financial year under review have not been recognised. The profit/(loss) before tax was Rs.9.84 crores as against Rs. (6.82) crores for the previous financial year. 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 9.84 crores as against Rs (6.82) crores for the previous financial year.

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

Going Concern Status

The financial statements have been prepared on a going concern basis. The directors acknowledge that uncertainty exists in view of commencement of CIRP against the Company. However, in view of the status on the subject, as mentioned earlier, the financial results have been prepared using the going concern basis of accounting.

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, 2021 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, 2021.

Transfer to Reserves

No amount has been transferred to the General Reserves of your Company at the financial year ended March 31, 2021.

Share Capital

There was no change in the paid share capital of the company during the Year ended March 31, 2021. 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, 2021 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, 2021, 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, 2021.

Directors' Report

Management's Discussion and Analysis Report

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

Subsidiaries, Associates and Joint Venture Companies

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

(All amounts in Rupees lakhs, unless otherwise stated)

Name of Subsidiary Company	MBE Coal & Mineral Technology India Pvt Ltd.
The date since which subsidiary was acquired	30th December, 2015
Reporting Currency	INR
Equity Share Capital	34.93
Other Equity	(84.25)
Total Assets	5901.95
Total Liabilities	5901.95
Investments	—
Revenue from Operations / Total Income	2078.77
Profit Before Taxation	(325.35)
Provision for Taxation	Nil
Profit After Taxation	(325.35)
Other Comprehensive Income	284.11
Total Comprehensive Income	284.11
Proposed Dividend	Nil
% of Shareholding	100%

Directors' Report

Promoters

McNally Bharat Engineering Company Limited remains the holding company of your company and Williamson Magor & Co. Limited continue to be the remaining Promoter of the Company.

Directors (Suspended) and Key Managerial Personnel

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 (Suspended) of the Company for a period of 5 years to hold office till the conclusion of the eightieth Annual General Meeting.

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

The Independent Directors (Suspended) 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.

Mr. Pradip Kumar Tibdewal served the company in the capacity of Whole Time Director for a period of three years. Upon conclusion of his term he relinquished such office on 31.10.2020. Mr. Aseem Srivastav who had earlier joined as CEO on 02.11.2020 was also appointed as 'Whole time Director & CEO' with effect from 02.12.2020 for a period of three years.

Pursuant to the provisions of section 203 of the Companies Act, 2013 the Key managerial Personnel of the company as on March 31, 2021 are:

Mr. Aseem Srivastav - Whole Time Director (Suspended) & CEO (Since 02.12.2020), Mr. Purajit Roy - Chief Financial Officer (Since 15.07.2020), Mr. Saikat Ghosh - Company Secretary.

Meetings of the Board of Directors

During the year, five Board Meetings were held on July 15, 2020, September 4, 2020, November 10, 2020, December 2, 2020 and February 10, 2021. Please refer to the Corporate Governance Report forming part of this Report as an Annexure for further details.

These meetings took place before commencement of CIRP.

Directors' Report

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 (Suspended) (including Independent Directors), the Board and Board level Committees is given in the Corporate Governance Report, which forms a part of this Annual Report.

The evaluation took place before commencement of CIRP.

Audit Committee

The Audit Committee of the Board during the financial year consisted of Mr. Niloptal Roy, Mrs. Kasturi Roy Choudhury and Mr. Srinivash Singh.

The meetings of the committee are chaired by Mr. Niloptal Roy, a Non-Executive Independent Director.

However, these meetings took place before commencement of CIRP.

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.

Directors' Report

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.

However, meetings of the committee during the year took place before commencement of CIRP.

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 section 134(5) of the Companies Act, 2013 and based on internal financial controls and the reviews performed by the management and with the concurrence of the Audit Committee prior to commencement of CIRP, that for the year ended 31st March, 2021,the confirmation is hereby given for the Company:

a. that in the preparation of the Annual Accounts, for the year ended 31st March, 2020, the applicable Accounting Standards have been followed with proper explanation relating to material departures, if any;

b. that they have 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 end of Financial Year and of the profit or loss of the Company for that period;

c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that they have prepared the accounts for the Financial Year ended on 31st March, 2021 on a 'Going Concern' basis;

e. that they have 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. that they have 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

Directors' Report

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.

Disclosure under sexual harassment act

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

Vigil mechanism / whistle blower policy

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

Corporate Social Responsibility Committee

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

Corporate Governance

Pursuant to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled as "Corporate Governance" is attached to this report as a separate Annexure.

Directors' Report

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

In terms of Section 92(3) of the Companies Act, 2013 the Annual Return for the financial year ended March 31, 2021 is displayed on the website of the company http://mcnallysayaji.com.

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. 4,069 Lakhs and Rs. 629 Lakhs on Inter-Corporate Borrowings, for the financial year ended 31st March, 2021.

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.

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, 2021, 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 qualification or reservation or adverse remark or disclaimer made by the Secretarial Auditor in the Report pertains to only part of the year and is not applicable as on 31.03.2021.

Directors' 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 2021-22.

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 Management 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 management 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 Management look forward to their continued support and understanding in the years to come.

For McNally Sayaji Engineering Limited
(Company Under Corporate Insolvency Resolution Process)

Place : Kolkata
Date: November 22 , 2021

Aseem Srivastav
Whole Time Director (Suspended) & CEO

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Annexure A

Information under the provisions of Companies (Accounts) Rules, 2014, forming part of the Directors' Report for the year ended March 31, 2021

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 8,83,259Units out of which captive consumption by the Company was 5,23,542 Units. The Company has also installed a wind mill at village Sadodar near Jamnagar Dist., having 800 KVA capacity which generated 9,71,527 Units. These resulted in revenue income of Rs. 69 lacs during the year.

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

There is nothing substantial to report.

B. Research and Development (R&D)

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

a) 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

Annexure A

3. Future Plan of Action:

a) Continuous development to minimize overall cost.
b) Exploring substitution of imported equipment and component
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, 2021	For the Year ended 31st March, 2020
1) Foreign Exchange Earned	1605	81
2) CIF Value of Import	124	164
3) Expenditure in Foreign Currency - Travelling & Royalty	10.5	0.19

For McNally Sayaji Engineering Limited
(Company Under Corporate Insolvency Resolution Process)

Place : Kolkata
Date: November 22 , 2021

Aseem Srivastav
Whole Time Director (Suspended) & CEO

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Annexure B

Management Discussion & Analysis

The fiscal year 2021 turned out to be the most challenging with the outbreak of Covid 19 pandemic. Lockdown measures designed to contain Covid 19 have led the global economy into one of its most severe recessions. The pandemic and lockdown policies badly affected the production as well as despatches, in spite of putting best efforts to resume the operation back to normalcy as and when gradually restrictions have been relaxed by the central as well as respective state governments.

Operation & Performance

The Company could achieve a turnover of Rs160.59 crores which is a growth of approx. 9% from previous financial year. However, the Company's operating margins as well as EBIDTA level have been improved substantially from the previous year largely due to reduction in both operating as well as fixed cost.

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 GoI has acted upon is making India AtmaNirbhar with focus on defence and infrastructure sector especially mining and railway sector.

The above initiative of GoI indeed opens new vistas of business opportunities for the Company to have confidence of strong order book in the near future.

Challenges

The major challenge of the company continues to be pending resolution of the debts facilities, after the company had been categorized as Non-Performing Asset by the lender Banks. In the meantime, pursuant to application under section 7 of the Insolvency and Bankruptcy Code, 2016 filed by one of the financial creditors, while disposing off the application, the Hon'ble NCLT Court, Kolkata Bench, admitted the application vide order dated 11th February, 2021 and directed to initiate Corporate Insolvency Resolution Process (CIRP) against the Company.

Strategies

The Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 ("IBC 2016") has been initiated against the company pursuant to the order dated 11.02.2021 passed by Hon'ble NCLT, Kolkata Bench. However, the said order having challenged before the Hon'ble National Company Law Appellate Tribunal("NCLAT") and the constitution of Committee of Creditors stayed, the company under the management vested with the Interim Resolution Professional is operated as a going concern with the assistance of Board of Directors (suspended), pending final order passed by Hon'ble NCLAT. Under the above circumstances the company is trying to maintain the smooth operations with the focus keeping high morale amongst the employees and other stakeholders including vendors. Contractors, customers. Under the ambit of provisions in terms of IBC 2016 the company continues its efforts to constantly for growth, increased productivity as well as cost control.

Annexure B

Financial Performance

On standalone basis, total income for the financial year under review (net of taxes and duties) was Rs.160.59 Crores (Previous year Rs. 147.29 Crores). Profit before tax and exceptional items, for the year was Rs.9.84 Crores (Previous year loss Rs.6.82 Crores). The Profit after tax for the financial year under review was Rs.9.84 Crores as against loss of Rs.6.82 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.182.74 Crores (Previous year Rs. 186.68 Crores). Profit before tax for the year was Rs. 6.57 Crores (Previous year loss Rs. 6.76 Crores). Total Profit for the year was Rs. 6.57 Crores (Previous year total loss was Rs. 6.51 Crores).

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. 40.69 Crores and Rs. 6.29 Crores on Inter-Corporate Borrowings for the financial year ended 31st March, 2021. 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 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.

Annexure C

Report on Corporate Governance

FOR THE YEAR ENDED 31st MARCH, 2021

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, 2021 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 i.e 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.

The members are apprised that the National Company Law Tribunal ("NCLT"), Kolkata Bench, vide its order dated 11th February, 2021 ("Insolvency Commencement Order") admitted the application for initiation of Corporate Insolvency Resolution Process ("CIRP") in Company Petition No. CP (IB) 131/KB/ 2020 based on the petition filed by ICICI Bank Limited in accordance with Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC 2016"/"the Code"). Pursuant to the said order, CA Jitendra Lohia (IP Registration No. **IBBI/IPA/P00170/2017-18/10339**) was appointed as the Interim Resolution Professional (IRP) to manage the affairs of the Company as per the provisions of the Code.

However, before the principal bench of the National Company Law Appellate Tribunal("NCLAT") at New Delhi an appeal was also filed against the said order passed by the Hon'ble NCLT, Kolkata Bench. In accordance with the order of the NCLAT no Committee of Creditors ("CoC") has yet been formed. However, In terms of Section 17 of the Code, the powers of the Board of Directors of the Company stand suspended on commencement of the CIRP and the same are being exercised by CA Jitendra Lohia, the IRP. The management of the affairs of the Company has also been vested with Interim Resolution Professional. Accordingly no resolution pertaining to directors are placed before the shareholders at the Seventy Seventh Annual General Meeting.

The company being under CIRP, is exempted from the provisions of Regulations 17, 18, 19 and 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations, 2015").

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. The independent

Annexure C

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. Aseem Srivastav ^	Professional – Executive	-	-	-	-
Mr. Nilotpal Roy	Independent – Non Executive	1	1	-	-
Mrs. Kasturi Roy Choudhury	Independent – Non Executive	1	-	-	-

Excluding Foreign Companies

^ Mr.Aseem Srivastav was appointed as Chief Executive Officer (CEO) on 02.11.2021 and as Whole Time director on 02.12.2020.

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 Chairman Non Executive Chairman Non Executive Chairman Managing Director & Chairman Non Executive Chairman Non Executive Director Non Executive Director
Mr.Srinivash Singh	McNally Bharat Engineering Co Ltd. McNally Sayaji Engineering Ltd.	Managing Director Non Executive Director
Mr.Aseem Srivastav	McNally Sayaji Engineering Ltd	Whole Time Director & CEO
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

Annexure C

b. Core Skills, expertise, attributes and competence of the Board

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

The 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	✓	✓	✓	✓	✓

1. All independent directors have confirmed their independence to the Company. In the opinion of the Board the independent directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations) and are independent of management.
2. The non-executive directors have no pecuniary relationship or transactions with the Company .
3. None of the directors are related to each other in terms of the provision of the Companies Act, 2013.
4. The information as mentioned in Part A Schedule II of the SEBI (LODR) Regulations, is made available to the Board members. The Board periodically reviews compliance reports of all laws applicable to the Company and the steps taken to rectify instances of non-compliance.
5. The Company has adopted the Code of Conduct for the Directors, Senior Management Personnel and other employees of the Company. The Code of Conduct is posted on the website of the Company. A declaration to this effect signed by the Whole Time Director (suspended) is attached to this report.
6. The number of directorship held in various listed companies and membership held in various Committees are within the permissible limits of the SEBI (LODR) Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
7. None of the directors of the company hold any shares or convertible instruments of the company.

c. 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

Annexure C

business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, *inter alia*, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

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

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

d. Familiarisation programmes for independent directors:

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/

e. 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 the Board is responsible for approving and overseeing implementation reassessed by the Nomination & Remuneration Committee from time to time 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.

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

(In Rs. Lakhs)

Particulars	Mr. Pradip Kumar Tibdewal	Mr.Aseem Srivastav
Salary	51.52	26.25
Performance Bonus	-	-
Contributions to Provident Fund and other funds	2.28	0.97
Perquisites	-	-
Total remuneration	53.80	27.22

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

Period of Appointment/ Service contract : Mr.Pradip Kumar Tibdewal served as Whole Time Director during the Period 1st November,2017 to 31stOctober,2020 in accordance with his Agreement For Employment.

Mr.Aseem Srivastav was appointed as Whole Time Director on 02.12.2020 and his tenure shall last for three years till 01.12.2023.

Notice Period : For Mr.Pradip Kumar Tibdewal it was three months prior notice in writing.

For Mr.Aseem Srivastav it is one month prior notice in writing.

Severance Fee : Nil

Stock Option : Nil

g. Board Meetings and attendance of Directors:

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

(ii) During the year, 5 Board Meetings were held on July 15,2020, September 4,2020, November 10, 2020,December 2,2020 and February 10, 2021.

These meetings took place before commencement of CIRP.

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(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2021 and of the last Annual General Meeting is as under :-

Directors	Number of BoardMeetings attended	Attendance at theLast AGM
Mr. Aditya Khaitan	4	Yes
Mr. Srinivash Singh	3	Yes
Mr. Pradip Kumar Tibdewal	2	No
Mr.Aseem Srivastav	2	No
Mr. Nilotpal Roy (Chairman)	5	Yes
Mrs. Kasturi Roy Choudhury	5	Yes

Code of conduct:

The Code of Conduct of the Company as adopted by the Board of Directors is applicable to all Directors, senior management and employees of the Company. The Code is available on the Company's website www.mcnallysayaji.com The Code has been duly circulated to all the members of the Board and Senior Management Personnel and the compliance of the same is affirmed by them annually. A declaration to this effect signed by the Whole Time Director (Suspended) 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, 2021.

For McNally Sayaji Engineering Limited
(Company Under Corporate Insolvency Resolution Process)

Place: Kolkata
Date: November 22, 2021

Aseem Srivastav
Whole Time Director (Suspended) & CEO

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The Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

Audit Committee

The role and terms of reference of the Audit Committee includes the areas laid down in Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations. The powers of the Audit Committee are in accordance with Regulation 18 of the SEBI (LODR) Regulations.

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with listing and other legal requirements relating to financial statements
    f. Disclosure of any related party transactions
    g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

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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.

4 Audit Committee Meetings were held on July 15,2020, September 4,2020, November 10, 2020 and February 10, 2021. These meetings took place before commencement of CIRP.

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The attendance of Audit Committee members during the year ended on March 31, 2021 are as under:-

Name of Audit Committee Member	Number of meetings attended
Mr. Nilotpal Roy	4
Mrs. Kasturi Roy Choudhury	4
Mr. Pradip Kumar Tibdewal	2
Mr.Srinivash Singh	1

The Chairperson of the Audit Committee was present at the seventy sixth 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. 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-ÀÛŸÝme Director(s) based on their performance.

f. To carry out any other function as is mandated by the Board from ÀÛŸÝme to ÀÛŸÝme and / or enforced by any statutory notification, amendment or modificationÀÛŸÝon, as may be applicable;

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

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4 Nomination and Remuneration Committee Meetings were held on July 15,2020, November 10, 2020, December 2,2020 and February 10, 2021.

These meetings took place before commencement of CIRP.

Mrs. Kasturi Roy Choudhury chaired the meetings held during the year. The attendance of each Committee member during the year ended on March 31, 2021 is as under:-

Name of Nomination and Remuneration Committee Member	Number of meetings attended
Mrs. Kasturi Roy Choudhury	4
Mr. Nilotpal Roy	4
Mr. Srinivash Singh	3

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 twice during the year on September 4,2020 and February 10, 2021.

These meetings took place before commencement of CIRP.

Mr. Nilotpal Roy chaired all meetings held during the year. The attendance of the members of the Stakeholders Relationship Committee was as follows:

Stakeholders Relationship Committee	Number of meetings attended
Mr. Nilotpal Roy	2
Mrs. Kasturi Roy Choudhury	2
Mr. Pradip Kumar Tibdewal	1

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No investor complaint was received during the year and there are no pending complaints as on 31st March, 2021.

The Company confirms that there were no share transfers lying / pending as on March 31, 2021and 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 Tibdewal relinquished the membership of the Stakeholders Relationship Committee.

Meeting of Independent Directors

The Independent Directors meeting was held on February 10, 2021 which was attended by Mr. Nilotpal Roy and Mrs. Kasturi Roy Choudhury.

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.

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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 (Suspended) & CEO and the CFO have certified, in terms of Regulation 17(8) of the SEBI (LODR) Regulations, to the Interim Resolution Professional that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

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

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

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

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

Disclosures under SEBI Circular dated 15th November, 2018:

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

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

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

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

Compliance Certificate

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

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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
74th	September 25,2018 at 11.00 A.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for: 1. Appointment of Mr.Padam Kumar Khaitan as independent director for second term of five years. 2. Appointment of Mr.Pradip Kumar Tibdewal as whole Time Director for a period of three years with effect from 01.11.2017 . 3. Approval of shareholders for entering into contract(s) / arrangement(s) / transaction(s) with McNally Bharat Engineering Company Limited upto a maximum amount of Rs. 300 Crores for the financial year 2018-19.
75th	September 25,2019 at 11.00 A.M	Campus 2B, Ecospace, Premises No. 11F/12 (Plot No. AAII/Blk 3), New Town, Rajarhat, Kolkata – 700160	Approval of shareholders for: 1.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.
76th	December 21,2020 at 11.00 A.M	Meeting conducted through VC / OAVM pursuant to the MCA Circular	Approval of shareholders for: 1. Continuation of directorship of Mr. Srinivash Singh as Non Executive Non Independent Director in terms of Regulation 17(1A) of the SEBI (LODR) Regulations , 2015. 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. 200 Crores for the financial year 2020-21.

During the year ended 31st March, 2021, 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

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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/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. 77th Annual General meeting to be held:

Day, Date, time and venue:

Day	:	Thursday
Date	:	December 23, 2021
Time	:	3.00 P.M (IST)
Venue	:	Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 and as such there is no requirement to have a venue for the AGM.
Mode	:	VC/OAVM

b.

Financial Year	:	1st April to 31st March
First Quarter Results	:	On or before 14th August 2021
Second Quarter Results	:	On or before 14th November 2021
Third Quarter Results	:	On or before 14th February 2022
Audited Yearly Results for the Year ended 31 March, 2022	:	On or before 30th May, 2022

c. Period of Book Closure : 17th December, 2021 to 23rd December, 2021 (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 2021-22 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 2020-21 and, hence, no share price data is provided.

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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:

Effective April 1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository. The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date.

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/rematerializaton/duplicate issue requests etc within statutory time limits.

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

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

h. Distribution of Shareholding as on March 31, 2021:

No. of Shares	No. of holders	% of total holders	No. of shares	% of total shares
1 to 500	672	85.93	168759	1.34
501 to 1000	55	7.03	48500	0.39
1001 to 2000	20	2.56	31310	0.25
2001 to 3000	3	0.39	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	0.77	39300	0.31
10001 and above	16	2.04	12252104	97.32
Total	782	100.00	12589273	100.00

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i. Pattern of Shareholding as on March 31, 2021:

	Category	No. of Holders	No. of Shares	% of total shares
1	Promoter & Promoter Group			
	- Individual/HUF (Indian)	-	-	
	- Bodies Corporate (Indian)	2	79,67,500	63.29
	- Individual/HUF (Foreign)	-	-	
	- Bodies Corporate (Foreign)	-	-	
2	Mutual Funds	-	-	
3	Financial Institutions/Banks*	1	23,37,211	18.57
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
	Total	**782**	**1,25,89,273**	**100**

* 23,37,211 equity shares pledged by holding Company McNally Bharat Engineering Company limited as security for Term Loan from ICICI Bank Limited has been invoked by ICICI Bank Limited and a sum of Re.1 has been adjusted towards the over dues under the said facility availed by the company from ICICI Bank Limited.

j. Dematerialization of Shares:

PARTICULARS	HOLDERS	SHARES	PERCENTAGE%
PHYSICAL	452	3,781,200	30.04
NSDL	187	8,204,753	65.41
CDSL	148	6,03,320	4.55
TOTAL	787	12,589,273	100

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

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

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

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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 4459 1111
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. Sonal Sarda, 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, 2021, 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 2020-21	35,00,000

p. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for the year ended 31st March, 2021 :

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

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q. Credit Ratings:

No credit rating was obtained by the company during 2020-21.

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. 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.

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.

For McNally Sayaji Engineering Limited
(Company Under Corporate Insolvency Resolution Process)

Place : Kolkata
Date: November 22 , 2021

Aseem Srivastav
Whole Time Director (Suspended) & CEO

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Certificate by Whole Time Director (Suspended) & CEO and Chief Financial Officer

To
CA Jitendra Lohia
Interim Resolution Professional
McNally Sayaji Engineering Limited
(IBBI/IPA/P00170/2017-18/10339)

We, Aseem Srivastav, Whole Time Director (Suspended) and Purajit Roy, Chief Financial Officer 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 ended 31.03.2021 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, other than exceptions, duly disclosed at the appropriate places of the schedules/note on accounts forming part of the annual accounts for the year ended 31.03.2021.

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, 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:

   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	**Aseem Srivastav**	**Purajit Roy**
Date: 30.06.2021	Whole Time Director (Suspended) & CEO	Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE OF MCNALLY SAYAJI ENGINEERINGLIMITED

To
The Members,
MCNALLY SAYAJI ENGINEERINGLIMITED

We have examined the compliance of conditions of Corporate Governance by **MCNALLY SAYAJI ENGINEERING LIMITED** (''the Company") for the year ended on 31stMarch, 2021, 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
Firm Reg No: P2010WB042700

Sonal Sarda
Partner
Membership no. 60192
COP no. 23418

Date: 22nd November, 2021
Place: Kolkata
UDIN: A060192C001506846

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
MCNALLY SAYAJI ENGINEERING LIMITED
Campus 2B, Ecospace Business Park
11F/12, Rajarhat, Newtown
Kolkata - 700160
West Bengal

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mcnally Sayaji Engineering Limited**(CIN: L28999WB1943PLC133247)having its Registered office at Campus 2B, Ecospace Business Park, 11F/12, Rajarhat, Newtown, Kolkata – 700160, West Bengal(hereinafter referred to as 'the Company'), produced before us by the Company 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**.**

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN)] status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company and its officers, we certify that following are the Directors on the Board of the Company as on 31 March 2021:

Sl. No.	DIN	Name	Designation	Date of appointment
1	00023788	Mr. Aditya Khaitan	Non-Executive Director	11.08.2017
2	00087298	Mr. Nilotpal Roy	Independent Director	29.05.2019
3	00789624	Mr. Srinivash Singh	Non-Executive Director	11.08.2017
4	03178279	Mr. Aseem Krishna-mohan Srivastav	Whole-time Director & CEO	02.12.2020
5	06594917	Ms. Kasturi Roy Choudhury	Independent Director	29.05.2019

We further certify that none of the aforesaid Directors on the Board of the Company for the financial year ended on 31 March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **MKB & Associates**
Company Secretaries
Firm Reg No: P2010WB042700
Sonal Sarda
Partner
Membership no. 60192
COP no. 23418

Date: 22nd November, 2021
Place: Kolkata
UDIN: A060192C001506670

Annexure D

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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 conduct/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 authorised representatives during the conduct of the secretarial audit and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India due to COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021,generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021, 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 andExchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:

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

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

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

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, 2018;

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

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

a) The Environment (Protection) Act, 1986

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 *during the period from 01.04.2020 to 19.11.2020, out of the total paid up equity share capital of the Company, 81.85% of the paid up equity share capital of the Company was held by promoters. Only 18.15% of the total paid up capital of the Company was held by public which was in violation of minimum public shareholding of atleast 25%.*

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 atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period, the Company has passed the following Special Resolution;

a. 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;

b. Approval to enter into contract(s)/ arrangement(s) / transation(s) with McNally Bharat Engineering Company Limited ("MBECL"), upto a maximum amount of Rs. 200 crore for the financial year 2020-2021 and onward.

We further report that on the basis of the written representations received from the directors as on 31st March 2021 and taken on record by the Interim Resolution Professional of none of the directors are disqualified as on March 31, 2021 in terms of Section 164(2) of the Act.

We further report that the Hon'ble National Company Law Tribunal, Kolkata Bench (NCLT) has vide its order dated 11th February, 2021 admitted an application for initiating Corporate Insolvency Resolution Process against the Company and appointed Mr. Jitendra Lohia as Interim Resolution Professional (IRP). Pursuant to the said order, the powers of the Board have been suspended. The order has been challenged before the Hon'ble National Company Law Appellate Tribunal, New Delhi (NCLAT). Stay has been granted by the Hon'ble NCLAT on constitution of committee of creditors directing IRP to ensure that the company remains going concern. The application is pending disposal before the Hon'nle NCLAT.

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

For MKB & Associates
Company Secretaries
Firm Reg No: P2010WB042700

Sonal Sarda
Partner
ACS No. 60192
COP No. 23418

Date: November 22, 2021
Place: Kolkata
UDIN: A060192C001506758

Annexure – I

To
The Members,
MCNALLY SAYAJI ENGINEERINGLIMITED

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 the financial records and the 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
Firm Reg No: P2010WB042700

Sonal Sarda
Partner
ACS No. 60192
COP No. 23418

Date: November 22, 2021
Place: Kolkata
UDIN: A060192C001506758

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2021
[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 31.03.2021

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 31.03.2021 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 31.03.2021 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 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.

(PRAKASH KUMAR SHAW)
Practicing Company Secretary
ACS – 32895
C.P. No. – 16239
UDIN: A032895C000921343

Place: Kolkata
Dated: September 08, 2021

ANNEXURE – A

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 statues 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.

(PRAKASH KUMAR SHAW)
Practicing Company Secretary
ACS – 32895
C.P. No. – 16239
UDIN: A032895C000921343

Place: Kolkata
Dated: September 08, 2021

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 Upto 31.10.2020	Rs.51,52,017	12.06:1
Mr. Aseem Srivastav - Whole Time Director & CEO WEF 02.11.2020	Rs.31,82,208	7.45:1

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 Upto 31.10.2020	Whole Time Director	Nil
Mr.Aseem Srivastav With Effect From 02.11.2020	Whole Time Director & CEO	Nil
Mr. Uttam Tekriwal Upto 15.07.2020	Chief Financial Officer	Nil
Mr.Purajit Roy With Effect From 15.07.2020	Chief Financial Officer	Nil
Mr.Nilotpal Roy	Independent Director	Nil
Mrs.Kasturi Roy Choudhury	Independent Director	Nil
Mr.Saikat Ghosh	Company Secretary	Nil

Annexure E

(iii) The percentage decrease in the median remuneration of employees in the financial year: 8.23

(iv) The number of permanent employees on the rolls of company:271

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

Average percentile increase already made in the salaries of employees in the last financial year (barring KMPs, including CFO & CS) =18.77

Percentile decrease in the managerial remuneration in the last financial year (including CFO & CS) = 20.66%

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

The remuneration paid during the financial year ended March 31, 2021 is in terms of the Remuneration Policy of the Company

For McNally Sayaji Engineering Limited
(Company Under Corporate Insolvency Resolution Process)

Place : Kolkata
Date: November 22 , 2021

Aseem Srivastav
Whole Time Director (Suspended) & CEO

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

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	Remuneration Received
Mr. Purajit Roy	CFO	Contractual	Chartered Accountant	35	15-June-2020	60	Emta Coal Ltd.	39.90
Mr. Rajesh Kumar Singh	Asso. VP	Permanent	B Tech (Mech), MBA	22	26-Aug-2019	43	International Combustion India Ltd.	36.45
Mr. Sanjay Kumar	Asso. VP	Permanent	Diploma in Mech Engg	35	8-Mar-2018	57	TRF Ltd.	27.40
Mr. Nakul Kuri	AGM Research & Dev	Permanent	BE Mechanical	24	10-Mar-2010	46	Alstom Hydro	21.75
Mr. Rajendra Mathur	COO	Permanent	BE	34	04-June-2020	56	Maxmach Equipment Pvt Ltd.	21.32
Mr. Nirmal Kumar Rout	GM Finance	Permanent	Chartered Accountant	26	18-Oct-2010	51	Swastik Pipes Ltd.	19.59
Mr. R Balajikanth	Deputy Manager PPC	Permanent	BE	25	28-Jun-2007	46	McNally Bharat Engineering Co Ltd	18.12
Mr. Rajesh Kumar Sinha	GM Marketing	Permanent	BE Mech	30	23-Oct-1992	53	McNally Bharat Engineering Co Ltd.	16.05
Mr. SK Nisarul Haque	GM Engineering	Permanent	M Tech	27	02 –Jan-2001	51	F Harley & Co Pvt Ltd.	16.00
Mr.Narendra Kumar Singh	Advisor	Contractual	MSc Engg Production	44	05-Sept-2014	66	TRF Ltd.	14.38

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.

Annexure F

3.3 Internal equity: The Company shall remunerate the board members, KMP and senior management in 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;

Annexure F

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;

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.

Annexure F

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 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;

Annexure F

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.

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.

Annexure F

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.

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.

Annexure F

CRITERIA FOR EVALUATION OF THE INDEPENDENT DIRECTORS AND THE BOARD

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

I. Regular attendance in Board Meetings

II. Participation in discussions and contributions made

III. Expression of independent opinion on various matters taken up by the Board

IV. Adequate knowledge about the Company's business and the Country's business and economic scenario.

V. Innovative ideas for growth of the Company and in solving problems faced by the Company.

VI. In case of conflict of interest, prompt in disclosing the same.

VII. Possessing long term vision for growth of the Company

Annexure G

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 2020-21, the Company has not entered into any transactions that aren't on an arm's length basis within the purview of the provisions of Section 188 of the Companies Act, 2013.

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

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

   McNally Bharat Engineering Company Limited *(Holding Company)*

   (b) Nature of contracts/arrangements/transactions

   Purchases of goods & services: - Rs. 1,205 Lakhs

   Sale of products and services: Rs. 405 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

For McNally Sayaji Engineering Limited
(Company Under Corporate Insolvency Resolution Process)

Place : Kolkata
Date: November 22 , 2021

Aseem Srivastav
Whole Time Director (Suspended) & CEO

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

INDEPENDENT AUDITOR'S REPORT

To the Members of McNALLYSAYAJI 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 at31stMarch, 2021, 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 includinga 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 31st March, 2021, its profit (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. 4,069 Lakhs and Rs. 629 Lakhs for the year ended 31st March, 2021 as referred in Note 47 to the Standalone Financial Statements. The Company had also not recognised interest expense of Rs. 2,678 Lakhs and Rs. 631 Lakhs on Bank and Inter-Corporate Borrowings respectively for the year ended 31st March, 2020. As a result, finance costs, liability on account of interest are understated and total comprehensive income for the financial year ended 31st March, 2021 are overstated 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) We draw attention to Note 48 to the Standalone Financial statements wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench, admitted the Corporate Insolvency Resolution Process (CIRP) against the Company vide an order dated 11th February, 2021. Pursuant to this order, the powers of the Board of Directors have been suspended and exercisable by the CA. Jitendra Lohia, Interim Resolution Professional (IRP). The order has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While, stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors directing IRP to ensure that the company remains a going concern. The application is pending for disposal before the Hon'ble NCLAT, New Delhi.

b) Material uncertainty related to Going Concern

We draw attention to Note 49 to the Standalone Financial Statements, the Company has reported a net profit of Rs.982 Lakhs during the year ended 31st March, 2021, the company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. Pursuant to the order passed by the NCLT Court, Kolkata Branch, Corporate Insolvency Resolution Plan (CIRP) has been initiated against the Holding Company. However, in view of the direction of NCLAT, New Delhi 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 50 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. However, the Company has not recognized further deferred tax assets for the year ended 31st March, 2020 and 31st March, 2021 on prudent basis, in view of the order passed by the NCLT Court, Kolkata Bench initiating the process of CIRP against the company as well as the direction of NCLAT, New Delhi in the matter of the appeal petition against the said order of NCLT Court, Kolkata Bench.

d) Corporate Guarantee issued by the Company

We draw attention to Note 51 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 Kumardhubi Unit-1 having a book value of Rs. 472 Lakhs as on31st March, 2021. The Review Report of the Holding Company (MBECL) for

INDEPENDENT AUDITOR'S REPORT

the nine months ended 31st December, 2020 had expressed material uncertainty of its status of a Going Concern on account of 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, 2021.

e) Non-adjustment of the Carrying Value of the Inventory

We draw attention to Note 52 of the financial statement regarding Inventories physically verified during the year by management and the discrepancies observed are yet to be adjusted, As a result value of Inventory (work in progress) and total comprehensive profit is overstated by Rs 875 Lakhs for the financial year ended 31st March, 2021.

f) Non-adjustment of the carrying value of the Loan

We draw attention to Note 17 to the Financial Statement regarding invocation of pledge over 23,37,211 Equity Share of the company held by Parent Company, McNally Bharat Engineering Company Limited by the lender Bank i.e ICICI Bank Limited as per their letter dated 27th November 2020 at a value of Re 1 /- against the Term Loan facility availed by the company .The Company has objected to such invocation by the Bank vide its letter dated 15th December 2020 and not made any adjustment to the carrying value of the Term Loan availed by the company

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 Matters	Auditor's Response to Key Audit Matters
1	**Revenue Recognition** (Refer note 1(d) to the Standalone Financial Statements) Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognized when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.	Our audit approach was a combination of test of internal controls and substantive procedures which includes the following: ● Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof. ● Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. ● Evaluating the design and implementation of Company's controls in respect of revenue recognition. ● Testing the effectiveness of such controls over revenue cut off at year-end. Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognized in the relevant period.

Independent Auditor's Report

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

In the view of ongoing Corporate Insolvency Resolution Process (CIRP), the Interim Resolution Professional (IRP) is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Management's Report including Annexures to Management's Report, Corporate Governance 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

INDEPENDENT AUDITOR'S REPORT

with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the 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

In view of ongoing Corporate Insolvency Resolution Process ('CIRP'), the Interim Resolution Professional ('IRP')is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation 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 read with the relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 under the direction of Interim Resolution Professional 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 Management under the direction of Interim Resolution Professional isalso 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.

INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the 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)(i) 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.
- 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.

INDEPENDENT AUDITOR'S REPORT

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

Report on Other Legal and Regulatory Requirements

1. As required by 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 statementon 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 Statementsdo 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 31st March, 2021 and taken on record by the Interim Resolution Professional, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of section 164(2) of the Act. However in the view of corporate insolvency resolution process ("CIRP") from 11th February, 2021, the powers of Board of Directors stand suspended as per section 17 of the code and such powers are exercised by the Resolution Professional during the year;

   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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:21050051AAAAGJ3528

Place: Kolkata
Date:30th June, 2021

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, 2021

(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 31st March, 2021) Rs in lakhs	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 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.

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 31st March, 2021) Rs in lakhs	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) According to the information and explanations given to us, the inventories excluding stocks with third parties were physically verified during the year by the Management at reasonable intervals and discrepancies observed are yet to be adjusted, as a result closing stock of work in process is overstated by Rs 875 Lakhs. 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 there under 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 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.

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

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

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2021 on account of disputes are given below:

Name of the statute	Nature of the Dues	Forum where the dispute is pending	Period to which the amount relates	Amount (in Lakhs)
Income Tax Act, 1961	Income Tax	CIT Appeal	2011-12, 2012-13	30.37
		ITAT	2006-07 to 2010-11, 2012-13	582.01
The Central Excise Act, 1944	Excise Duty	Assistant Commissioner, Dhanbad	1996-97	28.32
		Commissioner Appeal (Baroda)	2012-13 to 2013-14	46.96
		Commissioner, Bolpur	2014-15 to 2016-17	208.69
		Deputy Commissioner, Dhanbad	1992-93 to 1995-96	50.28
		CESTAT, Kolkata	1991-92, 2011-12	39.14
The Finance Act, 1994	Service Tax	Commissioner of CGST & Central Exise (Appeal), Siliguri	2011-12, 2012-13	19.62
		Principal Commissioner, GST, Ranchi	2012-13, 2015-16	2239.14
Bihar Finance Act, 1956	Sales Tax	Deputy Commissioner, Chirkunda	1991-92, 1992-93 & 2004-05	20.25
The Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner, Dhanbad	2008-09 to 2012-13, 2014-15 to 2017-18	2383.17
		West Bengal Taxation Tribunal, Kolkata	2010-11 to 2012-13	748.33
		Commissioner of Commercial Taxes, Ranchi	2006-07,2007-08 and 2013-14	557.85
Jharkhand Value added Tax Act, 2005	VAT	Joint Commissioner of Commercial Tax, Dhanbad	2008-09 to 2012-13, 2014-15 to 2017-18	492.16
		Commissioner of Commercial Taxes, Ranchi	2007-08, 2014-15, 2016-17	55.61
Karnataka Value added Tax Act, 2003	VAT	High Court, Karnataka	2011-12	87.02

(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 31st March, 2021 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 (including Overdraft)	3,900
DBS Bank- Overdraft facilities	415
IDBI Bank – Cash Credit	1,500
State Bank of India- Cash Credit	3,538
Kotak Mahindra Bank- Cash Credit	2,068

In addition to the above, the Company has also defaulted in payment of interest amounting to Rs. 4,069 Lakhs on the above borrowings for the year ended 31st March, 2021.

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, clause3(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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:21050051AAAAGJ3528

Place: Kolkata
Date: 30th June, 2021

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 Limitedon the Standalone Financial Statements for the year ended 31st March, 2021

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, 2021, 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 management under Corporate Insolvency Resolution Process (CIRP) of the Company 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 controlswith 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 31stMarch, 2021 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

(V. K. SINGHI)
Partner
Membership No. 050051
UDIN: 21050051AAAAGJ3528

Place: Kolkata
Date:30th June, 2021

Standalone Balance Sheet as at 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	12,199	13,078
Capital Work-in-Progress	4	1	*
Investment Properties	5	358	361
Intangible Assets	6	4	2
Financial Assets			
Investments	7	2,700	2,700
Trade Receivables	8	450	423
Other Financial Assets	11	140	119
Deferred Tax Assets (Net)	16	5,397	5,397
Other Non-current Assets	12	140	85
Total Non-Current Assets		**21,389**	**22,165**
Current Assets			
Inventories	13	8,358	9,817
Financial Assets			
Trade Receivables	8	5,243	6,714
Cash and Cash Equivalents	9	1,062	502
Bank Balances Other than Above	10	235	187
Other Financial Assets	11	-	40
Current Tax Assets (Net)	15	118	58
Other Current Assets	14	2,183	1,489
Total Current Assets		**17,199**	**18,807**
Total Assets		**38,588**	**40,972**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	17	1,259	1,259
Other Equity			
Reserves and Surplus	18	8,022	7,040
Total Equity		**9,281**	**8,299**
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Other Financial Liabilities	21	212	222
Employee Benefit Obligations	24	384	362
Total Non-Current Liabilities		**596**	**584**
Current Liabilities			
Financial Liabilities			
Borrowings	20	16,330	17,963
Trade Payables	22		
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises		212	30
B. Total Oustanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		4,797	4,909
Other Financial Liabilities	21	4,639	4,832
Provisions	23	45	66
Employee Benefit Obligations	24	73	83
Other Current Liabilities	25	2,615	4,206
Total Current Liabilities		**28,711**	**32,089**
Total Liabilities		**29,307**	**32,673**
Total Equity and Liabilities		**38,588**	**40,972**

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 : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Standalone Statement of Profit and Loss for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
Revenue From Operations	27	15,842	14,229
Other Income	28	217	500
Total Income		**16,059**	**14,729**
Expenses			
Cost of Materials Consumed	29	7,016	6,842
Changes in Inventories of Work-in-progress and Finished Goods	30	1,367	456
Employee Benefit Expenses	31	2,442	2,458
Finance Cost	34	88	448
Depreciation and Amortisation Expense	32	939	792
Other Expenses	33	3,226	4,415
Total Expenses		**15,078**	**15,411**
Profit/(Loss) before Tax and Exceptional items		**981**	**(682)**
Exceptional Items		-	-
Profit/(Loss) before Tax		**981**	**(682)**
Income Tax Expenses	35		
- Current Tax		-	-
- Deferred Tax		-	-
Profit/(Loss) for the Year		**981**	**(682)**
Other comprehensive income **Items that will not be reclassified to profit or loss**			
Remeasurements of post-employment benefit obligations		2	(57)
Income Tax relating to the item	35	(1)	15
Other Comprehensive Income for the year, net of Tax		**1**	**(42)**
Total Comprehensive Income for the year		**982**	**(724)**
Earnings per share (Face Value Rs 10/- each):	41		
- Basic		7.79	(5.42)
- Diluted		7.79	(5.42)

Significant Accounting Policies 1&2

*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 : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Standalone Statement of Changes in Equity for the year ended 31st March, 2021

Equity Share Capital

(All amounts are in Rs lakhs, unless otherwise stated)

	Notes	Amount
As at 1st April 2019	17	1,259.00
Changes	-	-
As at 31st March 2020	17	1,259.00
Changes	-	-
As at 31st March 2021	17	1,259.00

Other Equity

	Reserve and Surplus				Total
	Security Premium Reserve	General Reserve	Retained Earnings	Capital Reserve	
Balance as at 1st April, 2019	5,712	1,465	(7,528)	8,115	7,764
Profit/(Loss) for the year	-	-	(682)	-	(682)
Other Comprehensive Income	-	-	(42)	-	(42)
Total Comprehensive Income for the Year	-	-	(724)	-	(724)
Balance as at 31st March, 2020	5,712	1,465	(8,252)	8,115	7,040
Profit/(Loss) for the year	-	-	981	-	981
Other Comprehensive Income	-	-	1	-	1
Total Comprehensive Income for the Year	-	-	982	-	982
Balance as at 31st March, 2021	5,712	1,465	(7,270)	8,115	8,022

The above Standalone statement of Changes in Equity should be read in conjuction 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

(V.K. SINGHI)
Partner
Membership No: 050051

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Place : Kolkata
Date : 30th June, 2021

Standalone Statement of Cash Flows for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

	Year Ended 31 Mar 2021	Year Ended 31 Mar 2020
Cash flow from operating activities		
Profit/(Loss) before Tax	**981**	**(682)**
Adjustments for :-		
Depreciation and Amortisation Expense	939	792
Interest Income	(24)	(96)
Finance Costs	88	448
Allowance for Doubtful Debts - Trade Receivables / Other Assets	151	315
Bad Debt written off	-	1
Advances written off	-	27
Liabilities no longer required written back	(99)	(246)
Provision no longer required written back	(26)	-
Advance writeen back	-	(65)
Provision for Warranty	-	(3)
Net exchange Differences	(2)	4
Cash flow from operating activities before change in operating assets and liabilities	**2,008**	**495**
Decrease / (Increase) in trade Receivables and Other Assets	619	39
Decrease / (Increase) in inventories	1,459	201
Increase / (Decrease) in Trade & Other Payables	(1,636)	12
Increase / (Decrease) in Employee benefit obligations	12	(70)
Cash generated from operations	**2,462**	**677**
Income taxes (paid) / received	(60)	234
Net cash inflow from operating activities	**2,402**	**911**
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(285)
Sale of property, plant and equipment	-	1
Interest received	24	96
Fixed Deposit Matured	(76)	87
Net cash inflow (outflow) from investing activities	**(110)**	**(101)**
Cash flows from financing activities		
Repayment of Borrowings	(11)	(82)
Interest paid	(88)	(475)
Net increase (decrease) in Cash Credit Facilities including WCDL	(1,633)	(67)
Net cash outflow from financing activities	**(1,732)**	**(624)**
Net increase (decrease) in cash and cash equivalents	**560**	**186**
Cash and cash equivalents at opening of the year	502	316
Cash and cash equivalents at end of the year	1,062	502
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following	31st Mar 21	31st Mar 20
Cash and cash equivalents	1,062	502
Balances per Statement of Cash Flows	1,062	502

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

(V.K. SINGHI)
Partner
Membership No: 050051

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

Place : Kolkata
Date : 30th June, 2021

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 1: Significant Accounting Policies

Corporate Information

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

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

(a) Basis of Preparation of Standalone Financial Statements

(i) Compliance with Ind AS

The Standalone Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Standalone Financial Statements.

(ii) Historical cost convention

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following:

· Certain financial assets and liabilities (including derivative instruments); and

· Defined benefit plans – plan assets measured at fair value.

(iii) Operating Cycle

All assets and liabilities have been classified as current or non-current as per the company normal operating cycle and other criteria set out in the schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained, on an average its operating cycle for the purpose of current-non-current classification of assets and liabilities to be 12 to 24 months.

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Standalone Financial Statements are continually evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker(CODM) comprises of the Whole time Director and the Chief Financial Officer. The CODM reviews the Company's performance on the analysis of profit before tax at on overall level. Accordingly, there is no other separate reportable segment than the geographical segment as defined by Ind AS 108 “Operating Segments”.

(c) Foreign Currencies

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in ‘Other Income’. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Standalone Statement of Profit and Loss.

(i) Functional Currency

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The Standalone Financial Statements are presented in Indian Rupee (INR), which is the functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are generally recognized in the Standalone Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Standalone Statement of Profit and Loss on a net basis with other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

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

(i) Sale of Goods and Services

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Company’s revenue and profit or loss. The Company has concluded that the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services be provided (percentage of completion method).

(ii) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax expense/ (income).

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Standalone Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Financial Statements and the corresponding tax bases used till the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

(f) Leases

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee

The Company recognizes a Right-of-use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, if applicable. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a Lessor

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

(g) Impairment of Non-financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Standalone Statement of Cash Flows, Cash and Cash Equivalents include cash on hand, demand deposits , other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Standalone Balance Sheet.

(i) Trade Receivables

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

(j) Inventories

Inventories consists of raw materials and components, stores and spares, loose tools, work in progress and finished goods and are stated at lower of cost or net realizable value. Cost of inventories comprises cost of purchases. Cost of work in progress and finished goods comprise direct material, direct labour and an appropriate portion of variable and fixed overhead expenditure. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Cost of purchases inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Standalone Statement of Profit and Loss.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortized cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Gains and losses are recognised in Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(l) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

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

· Those to be measured subsequently at fair value through profit or loss, and

· Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Standalone Statement of Profit and Loss. For Investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

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

Investment in Subsidiary is recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets".

Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iii) Impairment of Financial Assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the Company operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Standalone Statement of Profit and Loss.

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

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(m) Derivatives that are not designated as hedges

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

i.) it is probable that future economic benefits associated with the item will flow to the entity; and

ii.) the cost of an item can be measured reliably.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic beneûts associated with the item will ûow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance including spare parts are charged to Statement of Proût and Loss during the reporting period in which they are incurred.

- Depreciation methods, estimated useful lives and residual value.

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

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

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

- Impairment of Property, Plant & Equipment

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the Standalone Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(p) Investment Properties

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

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

(q) Intangible Assets

(i) Design and Drawings, Technical knowhow and other rights

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

(ii) Computer software

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

(iii) Research and Development

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

(iv) Amortisation methods and periods

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

(r) Trade and Other Payables

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

(s) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of borrowings using the effective interest method.

Borrowings are derecognised from the Standalone Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Standalone Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(t) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Standalone Statement of Profit and Loss in the period in which they are incurred.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre – tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense in the Standalone Statement of Profit and Loss.

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

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

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(v) Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Other Long-term Employee Benefits

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

(iii) Post-employment Benefits Plans

- *Provident Fund*

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

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

- *Superannuation Fund*

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

- *Gratuity*

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

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee beneûts expense in the Standalone Statement of Proût and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Standalone Statement of Changes in Equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Proût and Loss as past service cost.

- Bonus plans

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

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

(w) Contributed Equity

Equity Shares are classified as equity. The issue expenses of securities which qualify as equity instruments are written off against securities premium.

(x) Dividends

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

(y) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing:

· Profit/ (Loss) attributable to equity shareholders of the Company

· By the weighted average number of Equity Shares outstanding during the financial year, adjusted for the effect of all dilutive potential Equity Shares.

(ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in their determination of basic earnings per share to take into account

· Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential Equity Shares, and

· The weighted average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

Rounding off amounts

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Standalone Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the Standalone Financial Statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone Financial Statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements.

In the process of applying the group's accounting policies, the following management estimates, judgements and assumptions, have a significant effect on the amounts recognised and disclosed in the Standalone Financial Statements:

1. Going Concern Assumptions in the preparation of the Standalone Financial Statements.
2. Fair Value Measurement of Financial Instruments.
3. Recognition of Deferred Tax Assets for carried forward tax losses
4. Impairment of Trade Receivables and due from customers
5. Provisions, Claims and Contingent Liabilities
6. Estimation of Defined Benefits Obligation
7. Useful life of Property, Plant and Equipment

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

Note 3: Property, Plant and Equipment

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	GROSS CARRYING AMOUNT					ACUMULATED DEPRECIATION					NET CARRYING AMOUNT	
	As at 1st April, 2020	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2021	Upto 1st April, 2020	For the Year	Other Adjustments	Sales/ Disposal	upto 31st March 2021	As at 31st March, 2021	As at 31st March, 2020
Leasehold Land	2,529	-	-	-	2,529	216	57	-	-	273	2,256	2,313
Freehold Land	289	-	-	-	289	-	-	-	-	-	289	289
Building	13,356	-	-	-	13,356	4,210	536	-	-	4,746	8,610	9,146
Plant and Machinery	8,348	45	-	-	8,393	7,349	309	-	-	7,658	736	999
Plant and Machinery - Windmill	764	-	-	-	764	737	-	-	-	737	27	27
Furniure and Fixture	340	3	-	-	343	317	10	-	-	327	16	23
Refrigerators and Air Conditioners	87	-	-	-	87	67	-	(15)	-	52	35	20
Office Equipments	241	8	-	-	249	226	10	-	-	236	13	15
Motor Vehicles	57	-	-	8	49	39	3	-	8	34	15	18
Right to Use Assets	253	-	-	-	253	25	25	-	-	50	202	228
As at 31st March, 2021	**26,264**	**56**	**-**	**8**	**26,313**	**13,186**	**950**	**(15)**	**8**	**14,113**	**12,200**	**13,078**

* Amount is below the rounding off norms 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 31.03.2021 of Rs. 472 Lakhs, 31.03.2020 Rs. 509) Comprised in erstwhile product division of MBECL(Kumardhubi Unit 1)[Refer Note 36]

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION					NET CARRYING AMOUNT	
	As at 1st April, 2019	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2020	Upto 1st April, 2019	For the Year	Other Adjustments	Sales/ Disposal	upto 31st March 2020	As at 31st March, 2020	As at 31st March, 2019
Leasehold Land	2,529	-	-	-	2,529	195	21	-	-	216	2,313	2,334
Freehold 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
Furniure 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	-
As at 31st March, 2020	**26,183**	**311**	**-**	**230**	**26,264**	**12,628**	**789**	**-**	**230**	**13,186**	**13,078**	**13,555**

* Amount is below the rounding off norms 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)[Refer Note 36]

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 4: Capital Work-in-Progress

	31st Mar 2021	31st Mar 2020
Capital Work-in-Progress	1.00	*

* amount is below rounding off norm adopted by the company

Note 5: Investment Properties [Leasehold land]

	31st Mar 2021	31st Mar 2020
Gross Carrying Amount		
Opening Gross Carrying Amount / Deemed cost	397	397
Closing Gross Carrying Amount	**397**	**397**
Accumulated Amortization		
Opening Balance	36	33
For the Year	3	3
Closing Accumulated Amortization	**39**	**36**
Net Carrying Amount	358	361

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

	31st Mar 2021	31st Mar 2020
Rental Income (included under Other Income - Note 28)(Refer Note -46)	48	48
Direct operating expenses on property that generated rental income	5	5
Profit from Investment Properties before Amortization	**43**	**43**
Amortization	(3)	(3)
Profit from Investment Properties	**40**	**40**

(ii) Leasing Arrangements

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

(iii) Fair value

	31st Mar 2021	31st Mar 2020
Investment Properties*	2,250	2,250

Estimation of fair value

* The fair valuation is based on reported dated as on 21.05.2019 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, 2021

Note 6: Intangible Assets *(All amounts are in Rs lakhs, unless otherwise stated)*

	GROSS CARRYING AMOUNT					ACUMULATED DEPRECIATION				NET CARRYING AMOUNT	
Particulars	As at 1st April, 2020	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2021	Upto 1st April, 2020	For the Year	Sales/ Adjustments	upto 31st March 2021	As at 31st March, 2021	As at 31st March, 2020
Design and Drawings	2,250	-	-	-	2,250	2,250	-	-	2,250	-	-
Computer Software	195	2	-	-	197	193	-	-	193	4	2
Technical Knowhow	20				20	20	-	-	20	-	-
	2,465	2	-	-	2,467	2,463	-	-	2,463	4	2

	GROSS CARRYING AMOUNT					ACUMULATED DEPRECIATION				NET CARRYING AMOUNT	
Particulars	As at 1st April, 2019	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2020	Upto 1st April, 2019	For the Year	Sales/ Adjustments	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	-	-
	2,462	**3**	**-**	**-**	**2,465**	**2,462**	1	**-**	**2,463**	**2**	**-**

* amount is below rounding off norm adopted by the company

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 7: Non-Current Investment

	31st Mar 2021	31st Mar 2020
Investment in Equity Instruments (fully paid-up)		
Unquoted		
Investment in Subsidiary		
349,323 (31st March 2020 : 349,323) Equity Shares of Rs. 10/- each of MBE Coal & Mineral Technology India Private Limited*	2,700	2,700
Total Non-current Investment	**2,700**	**2,700**
Aggregate amount of Unquoted Investment	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 2021	31st Mar 2020
Receivables Considered Good-Unsecured	5,693	7,137
Receivables-Credit Impaired	2,629	2,504
Less: Allowance for credit impaired receivables	(2,629)	(2,504)
Total Receivables	**5,693**	**7,137**
Current portion	5,243	6,714
Non-current portion#	450	423

#Represents retention debtors receivable beyond twelve months from 31st March, 2021

Note 9: Cash and Cash Equivalents

	31st Mar 2021	31st Mar 2020
Balances with Banks		
- in Current Accounts	1,037	497
Deposits with maturity of less than three months @	12	-
Cheques in Hand	12	-
Cash on hand (as certified by the Management)	1	5
Total Cash and Cash equivalents	**1,062**	**502**
@ Held as lien by bank against bank guarantees	12	-

Note 10: Other Bank Balances

	31st Mar 2021	31st Mar 2020
Bank deposits with original maturity greater than three months and maturing within twelve months@	235	187
Margin Money		
Total other bank balances	**235**	187
@ Held as lien by bank against bank guarantees	235	187

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 11: Other Financial Assets

Unsecured, Considered Good	31st Mar 2021			31st Mar 2020		
	Non-Current	Current	Total	Non-Current	Current	Total
Bank deposits with original maturity greater than twelve months @	53	-	-	25	-	25
Security Deposits	9	-	-	8	-	8
Balance with Govt/Amount recoverable from Govt	14	-	-	15	-	15
Earnest Money Deposit	66	-	-	73	40	113
Less:'Doubtful Earnest Money Deposit'	(2)	-	-	(2)	-	(2)
Total Other Financial Assets	**140**	**-**	**-**	**119**	**40**	**159**
@ Held as lien by bank against bank guarantees	53	-	-	25	-	-

Note 12: Other Non Current Assets

	31st Mar 2021	31st Mar 2020
	Non Current	Non Current
Security Deposits - considered good	140	85
Total Other Non Current Assets	140	85

Note 13: Inventories [Refer Note 1.J] [Refer Note 52]

	31st Mar 2021	31st Mar 2020
Raw Materials	1,860	1,839
Work-in-Progress	5,514	6,858
Finished Goods	39	62
Stores and Spares	885	997
Loose Tools	60	61
Total Inventories	**8,358**	**9,817**

Note 14: Other Current Assets

	31st Mar 2021	31st Mar 2020
Unsecured, considered good, unless stated otherwise		
Balance with Government Authorities *	687	655
Advance for goods and services	1,310	702
Others :-		
Advance To Employees	69	24
Prepaid Expenses	49	47
Security Deposits	65	61
Other Advances	3	-
Total Other Current Assets	2,183	1,489

* It includes ITC of Rs. 10 Lacs blocked by Department of GST, West Bengal during FY 2019-20, still blocked

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 15: Current Tax Assets (Net)

	31st Mar 2021	31st Mar 2020
Opening Balance	58	292
Add : Advance tax paid during year (including tax deducted at source)	60	19
Less : Refund received during the year	-	253
Closing Balance	118	58

Note 16: Deferred Tax Assets (Net)

	31st Mar 2021	31st Mar 2020
The balance comprises temporary differences attributable to:		
Deferred Tax Asset on account of		
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
Total Deferred Tax Assets	6,249	6,249
Deferred Tax Liability on account of		
Property, Plant and Equipment, Investment Property and Intangible Assets	(847)	(847)
Others	(5)	(5)
Total Deferred Tax Liabilities	(852)	(852)
Net Deferred Tax Assets	**5,397**	**5,397**

Movements in deferred tax liabilities

Particulars	Unabsorbed Tax Depreciation /Loss	Items allowable for tax purpose on payment basis	Allowance for doubtful debts and doubtful advances	Property, plant and equipment, investment property and intangible assets	Others	Total
At 31 March 2019	**5,540**	**123**	**565**	**(847)**	**16**	**5,397**
Charged/(credited):						
- to profit or loss	-	-	-	-	-	-
- to other comprehensive income	-	-	-	-	-	-
At 31 March 2020	**5,540**	**123**	**565**	**(847)**	**16**	**5,397**
Charged/(credited):						
- to profit or loss	-	-	-	-	-	-
- to other comprehensive income	-	-	-	-	-	-
At 31 March 2021	**5,540**	**123**	**565**	**(847)**	**16**	**5,397**

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 and on March 31, 2021, in view of order passed by the NCLT Court, Kolkata Bench initiating the process of CIRP against the Company as well as the direction of NCLAT, New Delhi in the matter of the appeal petition against the said order of NCLT Court,Kolkata Bench.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

Note 17: Equity Share Capital

	31st Mar 2021		31st Mar 2020	
	Number of shares	Amount	Number of shares	Amount
(i) Authorised				
Equity Shares of Rs.10/- each	5,00,00,000	5,000	5,00,00,000	5,000
Preference Shares of Rs. 10/- each	40,00,000	400	40,00,000	400

	31st Mar 2021		31st Mar 2020	
	Number of shares	Amount	Number of shares	Amount
(ii) Issued, Subscribed and Paid up				
Equity Shares				
Equity Shares of Rs.10/- each	1,25,89,273	1,259	1,25,89,273	1,259
3455529 Equity Shares(31st March 2020:3455529Equity Shares) of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement.				
3600000 Equity Shares(31st March 2020:3600000 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 2021	31st Mar 2020
	Number of shares	Number of shares
(iii) Equity Shares are held by the holding $	1,02,68,698	1,02,68,698

(iv) Reconciliation of shares

	31st Mar 2021		31st Mar 2020	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
Shares outstanding at the beginning of the year	1,25,89,273	1,259	1,25,89,273	1,259
Shares outstanding at the end of the year#	**1,25,89,273**	**1,259**	**1,25,89,273**	**1,259**

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 (suspended) 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 2021		31st Mar 2020	
	Number shares held	% of Holding	Number of 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 23,37,211 Equity Shares (31 March 2020: 23,37,211 Equity Shares)pledged by Holding Company,McNally Bharat Engineering Company Limited (MBECL),as security for Term Loan from ICICI Bank Limited. Term Loan facility granted by ICICI Bank Limited to the company are secured, including against pledge over 23,37,211 number equity shares of the company held by MBECL. The said pledge created over 23,37,211 equity shares has been invoked by ICICI Bank Limited and a sum of Re. 1 has been adjusted towards the over-dues under the said facility availed by the company from ICICI Bank Limited. In view of Impairment in the investment value in the books of MBECL, a claim of Rs. 4079 Lakhs has been lodged against the company. Pending decision with regard to acknowledgement of the said claim of MBECL vis-a-vis the present status under CIRP of the company as mentioned in note no 48 no provision has been considered in the Standalone Financial Statement of the company.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

Note 18: Other Equity

	31st Mar 2021	31st Mar 2020
Capital Reserve	8,115	8,115
Securities Premium	5,712	5,712
General Reserve	1,465	1,465
Retained Earnings	(7,270)	(8,252)
Total Reserves and Surplus	**8,022**	**7,040**

(i) Capital Reserve

	31st Mar 2021	31st Mar 2020
As per last Financial Statement	8,115	8,115

(ii) Securities Premium

	31st Mar 2021	31st Mar 2020
As per last Financial Statement	5,712	5,712

(iii) General Reserve

	31st Mar 2021	31st Mar 2020
As per last Financial Statement	1,465	1,465

(iv) Retained Earnings

	31st Mar 2021	31st Mar 2020
As per last Financial Statement	(8,252)	(7,528)
Net profit / (loss) for the year	981	(682)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	1	(42)
Closing Balance	**(7,270)**	**(8,252)**

Nature & Purpose of Other Reserves

a) **Capital Reserve**
Represents the amount transferred from the transferor company pursuant to Scheme of Amalgamation.

b) **Securities Premium Reserve**
Securites Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

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

Note 19: Non-Current Borrowings

	31st Mar 2021	31st Mar 2020
Secured Loans		
Term Loans		
From Banks-Working Capital	3,352	3,352
From Banks-Car Loan	-	4
Total Non-Current Borrowings	3,352	3,356
Less: Current maturities of long-term debt (included in note 21)	3,352	3,356
	-	
Inter - Corporate Deposits	-	3,197
Less: Reclassified to Current Borrowings (included in note 20)	-	3,197
	-	-
Non-Current Borrowings	-	-

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

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

Nature of Security	Terms of Repayment and Rate of Interest
i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 lacs (31.03.2020 Rs. 2500/- 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. However, the pledge has since been invoked by ICICI Bank Ltd with adjustment of Re 1 towards the overdues under the facilities availed by the Company from ICICI Bank Ltd. In view of impairment in the investment value in the books of the Holding Company, pusuant to above invocation a claim of Rs 4079 Lakhs has been lodged against the company by the Holding Company. Being aggreived, no adjustments have been made in the books of accounts to the effect of adjustments made by ICICI Bank Ltd as well as claim lodged by the Holding Company.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.
ii. Year end term loan balance from DBS Bank Ltd. of Rs 852 lacs (31.03.2020 Rs. 852 /- 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.	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.
iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 0.47 lacs (31.03.2020 Rs. 4 Lacs) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% to 9.75%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 and the company has already been under Corporate Insolvency Resolution Process (CIRP) on and from 11th February 2021(Refer Note no. 48). 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*
Term Loans from Banks		
-ICICI Bank	2,500	107
-DBS Bank	852	50
Total Term Loan- Default	3,352	157

*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, 2021 is Rs. 699 Lakhs. (542 Lakhs for FY 2019-20)

Note 20: Current Borrowings

	31st Mar 2021	31st Mar 2020
Secured Loans from Banks Cash Credit Limits		
Repayable on demand *#	11,406	13,039
Unsecured Loans		
Inter - Corporate Deposits (Refer Note No-47)	4,924	4,924
Total Current Borrowings	**16,330**	**17,963**

* Above loan amount is after netoff of Rs 15.06 lacs with current account balance
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*
Loan from Bank Repayable on Demand		
-ICICI Bank (including Overdraft)	3,900	-
-DBS Bank	415	66.00
-IDBI Bank	1,500	65.00
-State Bank of India	3,538	-
-Kotak Mahindra Bank	2,068	-
Total Loan from Bank Repayable on Demand -Default	**11,421**	**131.00**
Total Inter-Corporate Loans- Default	**4,924**	**66**

* 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, 2021 is Rs. 3,370 Lakhs and Rs. 629 Lakhs on Inter-Corporate Borrowings. (FY 2019-20 Rs. 2,136 lakhs and Rs. 631 Lakhs for Bank Borrowing and on Inter corporate borrowing)

Amendments to Ind AS 7 Statement of Cashflows: Disclosure Initiatives

The amendment require entitites 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-20	Cash Flow	Other Adjustments ^	31-Mar-21
Borrowings(Non-current and current maturities of long term debts) @	3,356	(4)	-	3,352
Borrowings (current) *	17,963	(1,633)	-	16,330
Total $	**21,319**	**(1,637)**	**-**	**19,682**

$ Refer standalone Statement of Cash Flows
@ Refer Note 19 and Note 21
^ Other Adjustments indicate re-classification of Non-Current Inter-Corporate Deposits into Current Inter-Corporate Deposits.
*Refer Note 20

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
Total $	**21,467**	**(149)**	**-**	**21,319**

$ 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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

Note 21: Other Financial Liabilities

	31st Mar 2021	31st Mar 2020
Non Current		
Lease Obligation	212	222
Total Non Current	**212**	**222**
Current		
Current maturities of long-term debt	3,352	3,356
Interest accrued and due on Borrowings @	354	354
Employee Benefits Payable	218	285
Lease Obligation	11	8
Capital Creditors	18	18
Liability for Other Expenses $	686	811
Total Current	**4,639**	**4,832**
Total Other Financial Liabilities	**4,851**	**5,054**

$ 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 2019 after that not provided, refer Note 19 B

Note 22: Trade Payables

	31st Mar 2021	31st Mar 2020
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 43)	212	30
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	4,797	4,909
Total Trade Payables	**5,009**	**4,939**

Note 23: Provisions

	31st Mar 2021	31st Mar 2020
Warranty	45	66
Total	**45**	**66**

(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 2021, this particular provision had a carrying amount of Rs 45 lakhs (31.03.2020 Rs 66 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 5 lakhs higher or lower (31.03.2020 Rs 7lakhs higher or lower).

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

	31st Mar 2021	31st Mar 2020
Balance as at the beginning of the year	66	69
Amount used	(21)	(3)
Balance as at the end of the year	**45**	**66**

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 24: Employee Benefit Obligations

	31st Mar 2021			31st Mar 2020		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	64	338	**402**	74	313	**387**
Compensated Absence	6	39	**45**	9	41	**50**
Longterm service Award	3	7	**11**	-	8	**8**
Total Employee Benefits Obligations	**73**	**384**	**457**	**83**	**362**	**445**

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.V.iii 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
As at 1st April, 2019	**532**	**(241)**	**291**
Current service cost	33	-	33
Interest expense/(income)	41	(16)	25
Total amount recognised in profit or loss	**74**	**(16)**	**58**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in financial assumptions	21	-	21
Experience (gains)/losses	35	-	35
Total amount recognised in Other Comprehensive Income	**56**	**1**	**57**
Employer contributions/premiums paid	-	(19)	(19)
Benefit payments	(75)	75	-
As at 31st March, 2020	**587**	**(200)**	**387**
	Present value of obligation	**Fair value of plan assets**	**Net amount**
As at 1st April, 2020	**587**	**(200)**	**387**
Current service cost	31	-	31
Interest expense/(income)	41	(11)	30
Total amount recognised in profit or loss	**72**	**(11)**	**61**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	1	1
(Gain)/loss from change in financial assumptions	4		4
Experience (gains)/losses	(7)		(7)
Total amount recognised in other comprehensive income	**(3)**	**1**	**(2)**
Employer contributions/premiums paid		(44)	(44)
Benefit payments	(130)	130	-
As at 31st March, 2021	**526**	**(124)**	**402**

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

	31st Mar 2021	31st Mar 2020
Present value of funded obligations	526	587
Fair value of plan assets	(124)	(200)
Deficit of funded plans	402	387

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 2021	31st Mar 2020
Discount rate	6.90%	7.00%
Salary escalation rate	4%	4%
Withdrawl rate	1% to 8%	1% to 8%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2012-14) ultimate	

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 24: Employee Benefit Obligations (Contd.)

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 of Rs 86.37 Lakhs for the year ended March 31, 2022.

Expected Payout

The weighted average duration for 2020-21 of the defined benefit obligation is 4.67 years (March 31, 2020 : 4.53 years).
The expected maturity analysis of undiscounted gratuity is as follows

	31st Mar 2021	31st Mar 2020
Less than a year	80	116
Between 1 to 2 years	64	133
Between 2 to 5 years	225	232
More than 5 Years	1529	430
Total	**1898**	**911**

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

Sensitivity Analysis	31st Mar 2021	31st Mar 2020
Under Base scenario	524	585
Increase in discount rate by 1%	497	557
Decrease in discount rate by 1%	555	617
Increase in salary escalation by 1%	557	618
Decrease in salary escalation by 1%	494	555
Increase in Withdrawl rate by 1%	529	590
Decrease in Withdrawl rate by 1%	518	579

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 96 Lakhs (2019-20 Rs. 134 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 -

	31st Mar 2021	31st Mar 2020
Discount rate	6.90%	7.00%
Expected Return on Exempted Fund	8.50%	8.50%

(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 2021	31st Mar 2020
Employer's Contribution to Provident Fund	110	115

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 25: Other Current Liabilities

	31st Mar 2021	31st Mar 2020
Advance received from customers	2,553	4,143
Dues payable to government authorities	62	63
Total other current liabilities	**2,615**	**4,206**

Note 26: Decommissioning Liability

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

Note 27: Revenue from Operations

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Sale of Products	15,120	13,596
Sale of Services	322	360
Other Operating Revenue	400	273
Total Revenue from Operations	**15,842**	**14,229**

Note 28: Other Income

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Rental Income	48	48
Interest Income from Financial Assets at Amortised Cost	24	96
Liability no longer required written back	99	246
Advance Written Back	-	65
Provision no longer required written back	26	-
Interest on Refund	2	-
Net Foreign Exchange Gain	2	1
Miscellaneous Income	16	44
Total Other Income	**217**	**500**

Note 29: Cost of Materials Consumed

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Raw Materials at the beginning of the year	1,839	1,787
Add: Purchases	7,037	6,894
Less: Raw Materials at the end of the year	1,860	1,839
Total Cost of Materials Consumed	**7,016**	**6,842**

Note 30: Changes in Inventories of Work-in-Progress and Finished Goods [Refer Note 52]

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Opening balanceWork-in progress	6,858	7,376
Finished Goods	62	-
Total opening balance	**6,920**	**7,376**
Closing balance		
Work-in progress	5,514	6,858
Finished Goods	39	62
Total closing balance	**5,553**	**6,920**
Total Changes in Inventories of Work-in-Progress and Finished Goods	**1,367**	**456**

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 31: Employee Benefits Expenses

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Salaries, Wages and Bonus	2,142	2,109
Contribution to Provident and Other Funds	184	234
Staff Welfare Expenses	116	116
Total Employee Benefits Expenses	**2,442**	**2,458**

Note 32: Depreciation and Amortisation Expenses

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Depreciation on Property, Plant and Equipment	936	788
Depreciation on Investment Properties	3	3
Amortisation of Intangible Asset	-	1
Total Depreciation and Amortisation Expenses	**939**	**792**

Note 33: Other Expenses

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Consumption of Stores and Spares	753	504
Fabrication and Other Charges	887	1,467
Power	235	286
Repairs and Maintenance:		
To Plant and Machinery	47	68
To Buildings	11	22
To Others	43	53
Professional Fees	308	381
Rental Charges	29	9
Subscriptions and Donations	1	1
Rates and Taxes	22	42
Insurance	58	40
Freight	204	454
Travel and Conveyance	186	361
Director Fees	1	2
Royalty	10	16
Commission Expenses	9	34
Bad Debts written off	-	1
Allowance for Doubtful Debts — Trade Receivables / Other Assets	151	315
Advance Written Off	-	27
Provision for Warranty	-	(3)
Net Loss on Foreign Currency Transactions/Translations	-	5
Miscellaneous Expenses (refer note 33 (a) below)	271	330
Total Other Expenses	**3226**	**4,415**

Note 33(a): Miscellaneous Expenses includes :

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
Auditors Remuneration		
As Auditors(including Limited Review)	27	27
Total Auditors Remuneration	27	27

Note 33(b): Corportate 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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 34: Finance Cost

	Year ended 31st Mar 2021	Year ended 31st Mar 2020
On Banks Borrowing	58	404
On Lease Obligation	30	44
Total Finance Cost	**88**	**448**

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 2021	31st March 2020
(a) Income Tax Expense		
Current tax	-	-
Current tax on profits for the year	-	-
Total Current Tax Expense	-	-
Deferred Tax	-	-
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	-
Total Deferred Tax Charge / (credit)	-	-
Income Tax Expense	-	-
- through Profit and Loss	-	-
- through Other Comprehensive Income	1	(15)

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

	31st March 2021	31st March 2020
Profit/(Loss) before Income Tax Expense	981	(682)
Other Comprehensive Income	2	(57)
	983	**(739)**
Tax at the Indian tax rate of 31.2% (2019-20 — 31.2%)	-	-
Add : Deferred Tax Asset created for Unabsorbed business loss	-	-
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	-	-
Disallowance for doubtful debts and doubtful advances	-	-
Change in carrying value of assets under Income tax and books	-	-
Others	-	-
Income Tax Expense	-	-

Note 36: Contingent Liabilities

	31st March 2021	31st March 2020
Claims against the Company not acknowledged as debts*	18,841	-
Other money for which the company is contingent liabile:-		
Excise Duty & Service Tax matters under dispute	2,632	2,479
Sales Tax and Value Added Tax matters under dispute	4,344	3,509
Income-tax matters (Net of refund)	612	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
	27,774	**8,312**
Others		
Performance Bank Guarantees[Limit Rs.2900 Lacs(31st March 2020: Rs 2900 lacs]-Amount Utilised	1,088	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 51]	5,950	5,950
	7,038	**7,899**
	34,812	**16,211**

* In earlier year, the holding company, McNally Bharat Engineering Company Limited had entered a put option agreement with EIG (Mauritus) Limited, who invested in the Company and the Company was also a party to the said agreement. In order to exercise the put option, the investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore against the Holding Company and the Company as Respondent No. 1 and Respondent No. 2 respectively. The Arbitrator issued a dissenting opinion requiring the respondents to pay damages amounting to Rs. 18841 lacs (including interest) and legal cost. The award has been challenged in the High Court of the Republic of Singapore. The matter is pending with them.

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, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 37: Fair Value Measurements Financial Instruments by category

	31st March, 2021			31st March, 2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments	-	-	2,700	-	-	2,700
Trade Receivables	-	-	5,693	-	-	7,137
Cash and Cash Equivalents	-	-	1,062	-	-	502
Other Bank Balances	-	-	235	-	-	187
Other Financial Assets	-	-	140	-	-	159
Total Financial Assets	**-**	**-**	**9,830**	**-**	**-**	**10,684**
Financial Liabilities						
Borrowings	-	-	19,682	-	-	21,319
Trade Payables	-	-	5,009	-	-	4,939
Other Financial Liabilities	-	-	1,499	-	-	1,698
Total Financial Liabilities	**-**	**-**	**26,190**	**-**	**-**	**27,956**

(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, 2021- 9 Lacs and Nil respectively

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 31.03.2021 and 31.03.2020.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are 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.

The Company's risk management is carried out by a central treasury department (Company Treasury) under policies approved by the management. Company Treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

Credit risk arises from Investments ,Trade receivables and other financial assets carried at amortised cost and deposits with other 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 2021	As at 31st March 2020
Loss allowance on at opening balance sheet date	2,504	2,189
Changes in loss allowance	125	315
Loss allowance on at closing balance sheet date	2,629	2,504

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, 2021	1st March, 32020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Borrowings	19,682	21,319	-	-	19,682	21,319
Trade Payables	5,009	4,939	-	-	5,009	4,939
Other Financial Liabilities	1,287	1,476	212	222	1,499	1,698
Total Liabilities	**25,978**	**27,734**	**212**	**222**	**26,189**	**27,956**

* rounding off norms adopted by the company

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

(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 2021		As at 31st March 2020	
	USD	EURO	USD	EURO
Financial Assets				
Trade Receivables	142	-	*	*
Advance to Supplier	189	18	-	4
	331	**18**	**-**	**4**
Financial Liability				
Advance From Customer	210	-	35	24
Trade Payables	40	6	47	-
	250	**6**	**82**	**24**

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

(b) Sensivity:

Impact on profit

	As at 31st March 2021		As at 31st March 2020	
	USD	EURO	USD	EURO
Increase by 5% #	4	1	(4)	(1)
Decrease by 5% #	(4)	(1)	4	1

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 2021 and 31st March 2020, 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 2021	As at 31st March 2020
Variable rate borrowings	14,758	16,395
Fixed rate borrowings	4,924	4,924

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

(b) Sensivity

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

	As at 31st March 2021	As at 31st March 2020
Increase in interest rates by 50 basis points (50 bps) #	(78)	(82)
Decrease in interest rates by 50 basis points (50 bps) #	78	82
# 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 on capital to shareholders, issue new shares or sell asssets to reduce debt.

Loan covenants

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 40: Assets Pledged as Security

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

	As at 31st March 2021	As at 31st March 2020
Financial Assets		
Trade Receivables	5,243	6,714
Cash and Cash Equivalents	1,297	689
Other Financial Assets	-	40
Non-financial Assets		
Inventories	8,358	9,817
Other Current Assets	2,183	1,489
Total Current assets	**17,081**	**18,749**
Non-current		
Property, Plant and Equipment**	11,524	12,341
Capital Work-in-progress	1	*
Investment Properties	358	361
Other Intangible Assets	4	2
Trade Receivables	450	423
Other Non-Current Assets	140	85
Total Non-current Assets	**12,477**	**13,212**
Total Assets pledged as Security	**29,558**	**31,961**

* 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 31.03.2021 of Rs. 472 lacs (31.03.2020 Rs. 509 lacs) comprised in erstwhile Product Division of MBECL (Kumardhubi Unit 1) and Rs 203 lacs(31.03.2020 Rs. 228 lacs) are excluded for ROU Assets from Property , Plant and Equipment recognised as per IND AS 116.

Note 41: Earnings Per Share

	31-Mar-21	31-Mar-20
Basic Earnings per Share		
Net Profit/(Loss) after tax (Rs in Lakhs)	981	(682)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	12,589,273	12,589,273
Basic Earnings per Share (in Rs.)	**7.79**	**(5.42)**
Diluted Earning per Share		
Net Profit/ (Loss) (Rs in Lakhs)	981	(682)
Weighted average number of equity share used as the denominator in calculating diluted earnings per share*	12,589,273	12,589,273
Diluted Earning per Share (in Rs.)	**7.79**	**(5.42)**
Weighted average number of shares used as the denominator		
Weighted average number of equity share at the beginning of the year	12,589,273	12,589,273
Weighted average number of equity share issued during the year		-
Weighted average number of equity share at the end of the year	12,589,273	12,589,273

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

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 42: Commitments

(a) Capital Commitments

There is no capital commitment as at Balance Sheet date.

(b) Lease

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 enetred 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

Particulars	2020-21	2019-20
Depreciation recognized	25	25
Interest on lease liabilities	30	31
Expenses relating to short-term leases & of low-value assets	29	9
Total cash outflow for leases	67	65
Additions to ROU during the year	-	-
Net Carrying Amount of ROU at the end the year	202	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 :-

Asset Class	Items Added to ROU Asset as on 01.04.2020*	Additions to ROU Asset during the Year	Depreciation Recognized During the Year	Net Carrying value as on 31.03.2021
Office Space	228	-	25	203
Total	228	-	25	203

Application of this standard has resulted a net decrease in Profit before Tax for the period April - Mar 2021 by Rs.17 lacs (increase in Depreciation & Amortization expenses , Finance Cost by Rs.25 lacs and Rs 30 lacs respectively and decrease in Other Expenses by Rs.38 lacs)

b) As Lessor

Operating Lease

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

Particulars	2020-21
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 2021	31st March 2020
(i) Principal Amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	212	30
ii) Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	16	6
iii) Principal amount paid to suppliers registered under the MSMED Act, 2006 beyond the appointed day	136	246

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 Rs NIL (31.03.2020 Nil).

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

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 decison maker as defined under Note 1, the Company's operation comprises of only one reporting segment . Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".

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

	31st March 2021	31st March 2020
Revenue from Customers		
- India	14,237	14,110
- Outside India	1,605	119
Non-current Assets		
- India	12,702	13,442
- Outside India	142	-

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, 2020-Nil).

Note 46 : Related Party Transactions

a) Where control exists

Holding Company

McNally Bharat Engineering Company Limited (MBECL)

b) Others

i) Wholly Owned 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 (Resigned w.e.f 31-10-2020)

Mr.Uttam Tekriwal- Chief Financial Officer (Resigned w.e.f 15-07-2020)

Mr. Purajit Roy – Chief Financial Officer -(Appointed w.e.f 15-07-2020)

Mr. Saikat Ghosh - Company Secretary

Mr. Aseem Krishanmohan Srivastav- CEO & Whole Time Director (Appointed w.e.f 2-12-2020)

v) Key Managerial Personnel of Holding Company

Mr. Srinivash Singh – Managing Director

Mr. Brij Mohan Soni - Chief Financial Officer

Mr. Rahul Banerjee - Company Secretary

No transactions during the year.

(c) Transactions with related parties:

The following transactions occurred with related parties:

	31st March 2021	31st March 2020
Sale of Products and Services - MBECL#	450	511
Sale of Products and Services - MCMTI#	163	40
Rental Income - MBECL	48	48
Reimbursement of Expenses (received) - MBECL	31	
Purchase of goods and services - MBECL#	1,205	-
Purchase of goods services - MCMTI#	11	-
Reimbursement of Expenses (Paid) - MBECL	2	-
Rental and Other Charges-MBECL	22	-
Remuneration paid to Key Managerial Personnel:		
Mr. Pradip Kumar Tibdewal – Whole Time Director	52	110
Mr. Aseem Krishanmohan Srivastav- CEO & Whole Time Director	32	-
Mr. Uttam Tekriwal – Chief Financial Officer	9	51
Mr. Purajit Roy – Chief Financial Officer	40	-
Mr. Saikat Ghaosh - Company Secretary	5	6
Contribution to Fund - MBESGF	44	19
Contribution to Fund - MBEPF*	96	134
# Inclusive of GST		

**Considered only Employer Contribution*

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

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

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

		31st March 2021	31st March 2020
Trade and Other Receivables			
MBECL		-	169
MCMTI		261	97
Trade Payables and Other Current Liabilities			
MBECL#		3126	2,782
MCMTI		138	150
Investments			
MCMTI		2,700	2,700
Outstanding Corporate Guarantee Given			
MBECL		5,950	5,950
Outstanding Corporate Guarantee Received			
MBECL		5,000	5,000
Remuuneration Payable			
Designation			
Mr. Pradip Kumar Tibdewal	Whole Time Director	-	6
Mr. Uttam Tekriwal	Chief Financial Officer	-	3
Mr. Aseem Krishanmohan Srivastav	CEO & Whole Time Director	11	-
Mr. Purajit Roy	Chief Financial Officer	4	-
Mr. Saikat Ghosh	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 Receivable.

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 (suspended). All transactions disclosed above were made on normal commercial terms and condtions and wherever applicable linked with market rates .

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

Note 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. 4,069 Lakhs and Rs. 629 Lakhs on Inter-Corporate Borrowings, for the financial year ended 31st March, 2021. (For the financial year ended 31st March 2020 Rs 2,678 Lakhs and Rs 631 Lakhs on bank borrowings and Inter-Corporate Borrowings respectively).

Note 48

Pursuant to the application being CP No. 131/KB/2020 filed by one Financial Creditor under Section 7 of Insolvency and Bankruptcy Code, 2016 the NCLT Court, Kolkata Bench, while disposing of the matter vide its order dated 11th February, 2021 admitted the application and gave direction to initiate Corporate Insolvency Resolution Process (CIRP) against the Company. CA Jitendra Lohia, registered with the Insolvency and Bankruptcy Board of India under Registration No. IBBI/IPA-001/IP-P00170/2017-19/10339 has been appointed as the Interim Resolution Professional (IRP) for the company. The said order of 11th February, 2021 passed by the NCLT Court, Kolkata Bench, has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While, stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors, the IRP has been directed to ensure that the company remains a going concern. The application is pending for disposal before the Hon'ble NCLAT, New Delhi.

Note 49

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. Pursuant to the order passed by the NCLT Court,Kolkata Branch,Corporate Insolvency Resolution Plan has been initiated against the Company.However, in view of the direction of NCLAT,New Delhi the Standalone Financial Results have been prepared on going concern basis.

Note 50

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. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as state Governments,the business of the company is regaining normalcy in terms of volume as well as cash flow. 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.

Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 51

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. 472 lacs as on 31st March, 2021. The Review Report of the Holding Company for the nine months ended 31st December, 2020 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 52

On Commencement of CIRP, as per the advice of IRP, complete evaluation of the Non-moving and slow-moving Inventories of the company has been initiated, in view of some items in Work-in-Progress Found some Non-Moving since long, over the years. However, preliminary evaluation also resulted in identification of certain Inventories which requires reconciliation. Pending complete comprehensive evaluation and reconciliation, no provision has been taken in the Standalone Financial Statements including Rs. 875 Lakhs on such account of shortfall in the value of inventories (including Work-in-Progress).

Note 53

Trade Receivables, advances to suppliers and expenses recoverable are subject to confirmation, reconciliation and settlement of certain disputes from respective parties and consequential reconciliation and adjustments arising therefrom, if any. The management, however does not expect any material variation. Management is also hopeful for recovery/realisation of these assets in the normal course of business. Hence, in view of the management, short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

Note 54

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 55

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

*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 : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

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 (hereinafter referred to as "theHolding Company") and its subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2021, 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 for the year ended on that date, and notes to the Consolidated Financial Statements includinga summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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 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 consolidated state of affairsof the Group as at 31st March, 2021, its consolidated total comprehensive income (comprising of profit and Other Comprehensive Income), its consolidated changes in equityand 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. 4,069 Lakhs and Rs. 629 Lakhs respectively for the financial year ended 31st March, 2021 as referred in Note 47 of the Consolidated Financial Statements. The Holding Company had also not recognised interest expense of Rs. 2,678 Lakhs and Rs. 631 Lakhs on Bank and Inter-Corporate Borrowings respectively for the year ended 31st March, 2020. As a result, finance costs, liability on account of interest are understated and total comprehensive income for the financial year ended 31st March, 2021 are overstated 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

Independent Auditor's Report

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.

Emphasis of Matters

a) We draw attention to the Note 49 to the Consolidated Financial Statements wherein it has been informed that the Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench admitted the Corporate Insolvency Resolution Process (CIRP) against the Holding Company vide an order dated 11th February, 2021. Pursuant to this order, the Power of the Board of Directors have been suspended and excisable by CA Jitendra Lohia, Interim Resolution Professional (IRP). The order has been challenged before the NCLAT, New Delhi vide CA (AT) (Insolvency) No. 147 of 2021. While, stay has been granted by Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors and IRP has been directed to ensure that the Holding Company remains a going concern. The application is pending for disposal before the Hon'ble NCLAT, New Delhi.

b) **Material uncertainty related to Going Concern**

We draw attention to Note 48 to the Consolidated Financial Statements, although the Group has reported net profit of Rs. 675 Lakhs during the year ended 31st March, 2021 but the Holding Company is unable to meet its financial commitments/covenants to lenders and various other stakeholders. Pursuant to the order passed by the NCLT Court, Kolkata Branch, Corporate Insolvency Resolution Plan (CIRP) has been initiated against the Holding Company. However, in view of the direction of NCLAT, New Delhi the Consolidated Financial Statements have been prepared on going concern basis.

c) **Management's assessment of impact of COVID-19**

We draw attention to Note 50 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.

d) **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 31st March, 2019 expecting adequate future taxable profits to the Group against which the deferred tax assets can be realised. However, the Group has not recognised further deferred tax assets for the year as well as for the preceding year on prudent basis, in view of the order passed by the NCLT Court, Kolkata Bench initiating the process of CIRP against the Holding Company as well as the direction of NCLAT, New Delhi in the matter of the appeal petition against the said order of NCLT Court, Kolkata Bench.

Independent Auditor's Report

e) **Corporate Guarantee issued by the Holding Company**

We draw attention to Note 51 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 Kumardhubi Unit-1 having a book value of Rs. 472 Lakhs as on 31st March, 2021. The Review Report of the Holding Company (MBECL) for the nine months ended 31st December, 2020 had expressed material uncertainty related to Going Concern which is undergoing a debt restructuring proposal by the Lenders. Provision against the said guarantee in the Consolidated Financial Statements has not been considered necessary by the management during the year ended 31st March, 2021.

f) **Non-adjustment of the carrying value of the Inventory**

We draw attention to Note 53 to the Consolidated Financial Statements regarding inventories physically verified during the year by management of Holding Company and discrepancies observed are yet to be adjusted, as a result value of Inventory (work in progress)and total comprehensive profit is overstated by Rs. 875 Lakhs for the year ended 31st March, 2021.

g) **Non-adjustment of the carrying value of the Loan**

We draw attention to Note 16 to the Consolidated Financial Statements regarding invocation of pledge over 23,37,211 Equity Shares of the Holding Company held by the Parent Company, McNally Bharat Engineering Company Limited by the Lender Bank i.e. ICICI Bank Limited as per their letter dated 27th November, 2020 at a value of Re. 1/- against the Term Loan facility availed by the Holding Company. The Holding Company has objected to such invocation by the Bank vide its Letter dated 15th December, 2020 and not made any adjustment to the carrying value of the Term Loan availed by the Holding Company.

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 Matters	Auditors' Response to Key Audit Matters
1	**Revenue Recognition** (Refer note 1(d) to the Consolidated Financial Statements) Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.	Our audit approach was a combination of test of internal controls and substantive procedures which includes the following:· • Assessing the appropriateness of the Company's revenue recogniton accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof. • Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. • Evaluating the design and implementation of Company's controls in respect of revenue recognition. • Testing the effectiveness of such controls over revenue cut off at year-end. • Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the relevant period.

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

In the view of ongoing Corporate Insolvency Resolution Process (CIRP), the Interim Resolution Professional(IRP) is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Management's Report including Annexures to Management's Report, Corporate Governance 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

Independent Auditor's Report

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.

Responsibilities of Managementand Those Charged with Governance for the Consolidated Financial Statements

In view of ongoing Corporate Insolvency Resolution Process ('CIRP'), the Interim Resolution Professional ('IRP') is responsible for the matters stated in section 134(5) of the Act with respect to preparation and presentation of the 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

In preparing the Consolidated Financial Statements, the respective Board of Directors and Management under the direction of Interim Resolution Professional of the Holding Company included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 and Management under the direction of Interim Resolution Professional of the Holding Company 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.

Independent Auditor's Report

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.

- 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.

Independent Auditor's Report

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) We did not audit the financial statements of the subsidiary company included in the consolidated financial statements, whose financial statements reflect total assets of Rs.5,902Lakhs as at March 31, 2021, total revenues of Rs.2,079 Lakhs and net cash inflows amounting to Rs. 11 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 308 Lakhs for the year ended March 31, 2021, in respect of this subsidiary whose financial statements/ information have not been audited.

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 Unaudited 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;

Independent Auditor's Report

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 31st March, 2021 and taken on record by the Interim Resolution Professional, none of the directors of the Group companies, is disqualified as on31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act. However in the view of Corporate Insolvency Resolution Process ("CIRP") from 11th February, 2021, the powers of Board of Directors of the Holding Company stand suspended as per section 17 of the code and such powers are exercised by the Resolution Professional during the year;

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".

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);

Independent Auditor's Report

ii. the Group has madeprovision, 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
(V. K. SINGHI)
Partner
Membership No. 050051
UDIN:21050051AAAAGK1799

Place: Kolkata
Date: 30th June, 2021

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, 2021

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 (hereinafter referred to as "the Holding Company") and its Subsidiary Company (collectively referred toas "the Group") as ofand for the year ended 31stMarch, 2021 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective management under Corporate Insolvency Resolution Process (CIRP) of the Holding Company and Board of Directors of 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 Group'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 toconsolidated 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 controlswith reference to consolidated financial statements is a process designed to provide reasonable assuranceregarding 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 controlswith 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, 2021 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
(V. K. SINGHI)

Place: Kolkata
Date: 30th June, 2021

Partner
Membership No. 050051
UDIN:21050051AAAAGK1799

Consolidated Balance Sheet as at 31st March , 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	12,259	13,150
Capital Work-in-Progress	4	21	20
Investment Properties	5	358	361
Other Intangible Assets	6	4	2
Financial Assets			
Trade Receivables	7	622	490
Other Financial Assets	10	478	504
Deferred Tax Assets(Net)	15	6,234	6,234
Other Non-Current Assets	11	148	91
Total Non-Current Assets		**20,124**	**20,852**
Current Assets			
Inventories	12	9,156	10,771
Financial Assets			
Trade Receivables	7	7,587	8,974
Cash and Cash Equivalents	8	1,091	521
Bank Balances other than above	9	236	187
Other Financial Assets	10	403	725
Current Tax Assets (Net)	14	266	202
Other Current Assets	13	2,798	1,763
Total Current Assets		**21,537**	**23,143**
Total Assets		41,661	43,995
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	16	1,259	1,259
Other Equity			
Reserves & Surplus	17	5,283	4,610
Total Equity		**6,542**	**5,869**
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
Borrowings	18	3	4
Trade Payables			
A. Total Outstanding Dues of Micro Enterprises and Small Enterprises	21	-	-
B. Total Oustanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	21	1	1
Other Financial Liabilities	20	212	222
Provisions	22	165	145
Employee Benefit Obligations	23	394	387
Total Non-Current Liabilities		**775**	**759**
Current Liabilities			
Financial Liabilities			
Borrowings	19	18,330	19,821
Trade Payables			
A Total Outstanding Dues of Micro Enterprises and Small Enterprises	21	212	31
B Total Oustanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	21	6,831	6,494
Other Financial Liabilities	20	5,625	5,748
Provisions	22	86	104
Employee Benefits Obligations	23	87	99
Other Current Liabilities	24	3,173	5,070
Total Current Liabilities		**34,344**	**37,367**
Total Liabilities		**35,119**	**38,126**
Total Equity and Liabilities		**41,661**	**43,995**
Significant Accounting Policies	1& 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

(V.K. SINGHI)
Partner
Membership No: 050051
Place : Kolkata
Date : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Consolidated Statement of Profit and Loss for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
Revenue from Operations	25	17,772	17,518
Other Income	26	502	1,150
Total Income		**18,274**	**18,668**
Expenses			
Cost of Materials Consumed	27	7,833	8,401
Changes in Inventories of Work-in-progress and Finished Goods	28	1,367	456
Employee Benefits Expense	29	3,004	3,214
Finance Cost	32	389	773
Depreciation and Amortisation Expense	30	951	806
Other Expenses	31	4,073	5,694
Total Expenses		**17,617**	**19,344**
Profit/(Loss) before Tax and Exceptional Items		**657**	**(676)**
Exceptional Item		-	-
Profit/(Loss) before Tax		**657**	**(676)**
Income Tax Expense	33		
- Current tax		-	-
- Provision written back		-	(25)
- Deferred tax Charge/(Credit)		-	-
Total Tax Expense		**-**	**(25)**
Profit/(Loss) for the Year		**657**	**(651)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss :			
Remeasurements of post-employment benefit obligations		18	(66)
Income Tax relating to these items	33	-	15
Other Comprehensive Income/(Loss) for the year, net of tax		**18**	**(51)**
Total Comprehensive Income/(Loss) for the year		**675**	**(702)**
Earnings Per Equity Share (Face Value of Rs 10/- each):	38		
- Basic		5.22	(5.17)
- Diluted		5.22	(5.17)
Significant Accounting Policies	1&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

(V.K. SINGHI)
Partner
Membership No: 050051
Place : Kolkata
Date : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Consolidated Statement of Changes in Equity for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Equity Share Capital

Particulars	Notes	Amount
As at 1st April, 2019	16	1259
Changes	-	-
As at 31st March, 2020	16	**1259**
Changes	-	-
As at 31st March, 2021	16	**1,259**

Other Equity

	Reserve and Surplus				Total
	Security Premium Reserve	General Reserve	Retained Earnings	Capital Reserve	
As at 1st April, 2019	5,712	1,520	(8,583)	6,663	5,312
Movement during the year					
Profit/ (Loss) for the year	-	-	(651)	-	(651)
Other Comprehensive Income	-	-	(51)	-	(51)
Total Comprehensive Income for the year	**-**	**-**	**(702)**	**-**	**(702)**
Balance as at 31st March, 2020	5,712	1,520	(9,285)	6,663	4,610
Movement during the year					
Profit/ (Loss) for the year	-	-	657	-	657
Other Comprehensive Income	-	-	18	-	18
Total Comprehensive Income for the year	**-**	**-**	**675**	**-**	**675**
Balance at 31 March, 2021	**5,712**	**1,520**	**(8,612)**	**6,663**	**5,283**

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

(V.K. SINGHI)
Partner
Membership No: 050051
Place : Kolkata
Date : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

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Company Secretary

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Consolidated Statement of Cash Flows for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Cash flow from Operating Activities		
Profit/(Loss) before Tax	**657**	**(676)**
Adjustments for :-		
Depreciation and Amortisation Expense	951	806
Interest Income	(159)	(421)
Finance Costs	389	773
Allowance for Doubtful Debts on Trade Receivables / Other Assets	151	329
Bad Debts Written off	-	1
Advances Written off	-	27
Liabilities no Longer Required Written Back	(99)	(311)
Provision no Longer Required Written Back	(176)	(75)
Provision for Warranty	4	17
Net Exchange Differences	3	2
Cash flow from Operating Activities before change in operating Assets and Liabilities	**1,721**	**472**
Decrease / (Increase) in Trade and Other Receivables	574	852
Decrease / (Increase) in Inventories	1,614	11
Increase / (Decrease) in Trade and Other Payables	(1,401)	(193)
Increase / (Decrease) in Employee Benefit Obligation	(5)	(276)
Cash Generated from Operations	**2,503**	**866**
Income Taxes (Paid) / Refund	(64)	221
Net Cash Inflow from Operating Activities	**2,439**	**1,087**
Cash flows from Investing Activities		
Payments for Property, Plant and Equipment	(58)	(298)
Proceeds from sale of Property, Plant and Equipment	-	1
Interest received	159	96
Fixed Deposit Matured/(Placed)	(76)	87
Net cash inflow (outflow) from Investing Activities	**25**	**(114)**
Cash flows from Financing Activities		
(Repayment of) / Proceeds from Borrowings	(14)	(165)
Interest paid	(389)	(779)
Net increase in Cash Credit Facilities including WCDL	(1,491)	(67)
Net cash inflow (outflow) from Financing Activities	**(1,894)**	**(1,011)**
Net increase (decrease) in Cash and Cash Equivalents	**570**	**(38)**
Cash and Cash Equivalents at opening of the period	521	559
Cash and Cash Equivalents at end of the period	1,091	521
Reconciliation of cash and cash equivalents as per the Statement of Cash Flows		
Cash and Cash Equivalents as per above comprise of the following	**31st March, 2021**	**31st March, 2020**
Cash and Cash Equivalents (Refer Note 8)	1,091	521
Balances as per Statement of Cash Flows	**1,091**	**521**

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

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
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Company Secretary

Place : Kolkata
Date : 30th June, 2021

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

Consolidated Statement of Cash Flows for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Corporate Information

The Consolidated Financial Statements comprise of Financial Statements of "McNally Sayaji Engineering Limited ("the Holding Company") and its Wholly Owned Subsidiary MBE Coal & Mineral Technology India Private Limited (collectively referred to as "the Group")" for the year ended 31st March, 2021.

Note 1: Significant Accounting Policies

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

(a) Basis of Preparation of Consolidated Financial Statements

(i) Compliance with Ind AS

The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these Consolidated Financial Statements.

(ii) Historical cost convention

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) measured at fair value; and
- Defined benefit plans – plan assets measured at fair value.

(iii) Operating Cycle

All assets and liabilities have been classified as current or non - current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in Cash & Cash Equivalents, the group has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 12 to 24 months.

(iv) Use of estimates and judgements

The estimates and judgements used in the preparation of the Consolidated Financial Statements are continually evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Actual results may differ from these estimates. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker(CODM) comprises of the Whole time Director and the Chief

Financial Officer. The CODM review's the Group's performance on the analysis of profit before tax on an overall level. Accordingly, there is no other separate reportable segment than the geographical segment as defined by Ind AS 108 "Operating Segments"

(c) Foreign Currencies

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other Income'. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Consolidated Statement of Profit and Loss.

(i) Functional Currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (INR), which is the Holding Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year end exchange rates are generally recognized in Consolidated Statement of Profit and Loss.

Foreign exchange differences regarded as adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis with other gains / (losses).

Non – monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue Recognition

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

(i) Sale of Goods and Services

For contracts with customers in which the sale of equipment is generally expected to be the only performance obligation, adoption of Ind AS 115 does not have any material impact on the Group's revenue and profit or loss. The Group has concluded that the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods as per the terms of the contracts with the customers.

Revenue from the sale of goods is recognised when the goods are delivered and titles have been passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Services is recognized in accounting period in which services are rendered. Revenue is recognized based on the actual service provided till the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

(ii) Construction Contracts

Revenue from contracts are recognised with reference to the stage of completion method in accordance with Ind AS - 115. Obligations under the long term construction contracts are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

The outcome of a construction contract is considered as estimated reliably when (a) all critical approvals necessary for commencement of the project have been obtained; (b) the stage of completion of the project reaches reasonable level of development. The stage of completion is determined as a proportion that contract costs incurred for work performed up to the closing date bear to the estimated total costs of respective project. Profit is recognised when the outcome of the contract can be estimated reliably. When it is probable that the total cost will exceed the total revenue from the contract, the expected loss is recognised immediately. For this purpose total contract costs are ascertained on the basis of contract costs incurred and cost to completion of contracts which is arrived at by the management based on current technical data, forecast and estimate of net expenditure to be incurred in future including for contingencies etc.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included as a liability as advances received. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

(iii) *Dividend and Interest Income*

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax expense/ (income).

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used till the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

(f) Leases

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee

The Group recognizes a Right-of-use Asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, if applicable. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

As a Lessor

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

(g) Impairment of Non-financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(h) Cash and Cash Equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, Cash and Cash Equivalents include cash on hand, demand deposits, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the ConsolidatedBalance Sheet.

(i) Trade Receivables

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

(j) Inventories

Inventories consists of raw materials and components, stores and spares, loose tools, work in progress and finished goods and are stated at lower of cost or net realizable value. Cost of inventories comprises cost of purchases. Cost of work in progress and finished goods comprise direct material, direct labour and an appropriate portion of variable and fixed overhead expenditure. Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Cost of purchases inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

(k) Financial Liabilities

Financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss.

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortized cost net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Gains and losses are recognised in the Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

(l) Investments and Other Financial Assets

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instruments.

(i) Classification

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

- Those to be measured subsequently at fair value through profit or loss, and
- Those measured at amortized cost.

The classification depends on the group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will be recorded in the Consolidated Statement of Profit and Loss. For Investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

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

Investment in Subsidiary is recognized at cost as per Ind AS 27 "Separate Financial Instruments" less impairment provision, if any, as per Ind AS 36 "Impairment of Financial Assets".

Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iii) Impairment of Financial Assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Group provides for expected credit loss allowance by taking into consideration historical trend, industry practices and the business environment in which the Group operates. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

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

(iv) Derecognition of Financial Assets

A financial asset is derecognized only when the contractual rights to receive the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

(m) Derivatives that are not designated as hedges

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Such contracts are accounted for at fair value through profit or loss and are included in other gains / losses. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(n) Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

(o) Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognized as an asset if, and only if:

i. it is probable that future economic benefits associated with the item will flow to the entity; and

ii. the cost of an item can be measured reliably.

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

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

- *Depreciation methods, estimated useful lives and residual value*

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

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

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

- *Impairment of Property, Plant & Equipment*

An asset's carrying amount is written down immediately to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount and an impairment loss shall be recognized immediately in the Consolidated Statement of Profit and Loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Standalone Statement of Profit and Loss within other gains/ losses.

(p) Investment Properties

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

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

(q) Intangible Assets

(i) Design and Drawings, Technical knowhow and other rights

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

(ii) Computer software

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

(iii) Research and Development

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

(iv) Amortisation methods and periods

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

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 24 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(s) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of borrowings using the effective interest method.

Borrowings are derecognised from the Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Consolidated Statement of Profit and Loss as other gains/ losses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 24 months after the reporting period.

(t) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale.

Other borrowing costs are expensed to the Consolidated Statement of Profit and Loss in the period in which they are incurred.

(u) Provisions, Contingent Liabilities and Contingent Assets

Provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre – tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense in the Consolidated Statement of Profit and Loss.

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

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

Contingent Assets are not recognised but are disclosed when an inflow of economic benefits is probable.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

(v) Employee Benefits

(i) Short-term Employee Benefits

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

(ii) Other Long-term Employee Benefits

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

(iii) Post-employment Benefit Plans

-ProvidentFund

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

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

- *Superannuation Fund*

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

- *Gratuity*

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

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

The net interest costis calculated by applying the discount rate to the net balance of the defined benefit to bligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses a rising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance sheet.

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

- *Bonus plans*

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

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

(w) Earnings Per Share

(i) Basic Earnings Per Share

Basic Earnings per Share is calculated by dividing:

- Profit/ (Loss) attributable to equity shareholders of the Group
- By the weighted average number of equity shares outstanding during the financial year, adjusted for the effect of all dilutive potential equity shares.

(ii) Diluted Earnings Per Share

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

- Profit/(Loss) after income tax effect of interest and other financing costs associated with dilutive potential equity share, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(x) Principles of Consolidation and Equity Accounting

- *Subsidiaries*

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are decon solidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non- controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The Consolidated Financial Statements represents consolidation of Financial Statements of Mcnally Sayaji Engineering Limited (the Holding Company) and its following subsidiary.

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

Country of incorporation : India

Proportion of Ownership interest : 100%

Rounding off amounts

All amounts disclosed in the Consolidated Financial Statements and note have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Consolidated Statement of Changes in Equity for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the Consolidated Financial Statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated Financial Statements. Accounting estimates could change from period to period. Actual results could differs from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Consolidated Financial Statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

In the process of applying the group's accounting policies, the following management estimates, judgements and assumptions, have a significant effect on the amounts recognised and disclosed in the Consolidated Financial Statements:

1. Going Concern Assumptions in the preparation of the Consolidated Financial Statements.
2. Expected Cost of Completion of Contracts.
3. Fair Value Measurement of Financial Instruments.
4. Recognition of Deferred Tax Assets for carried forward tax losses
5. Impairment of Trade Receivables and due from customers
6. Provisions, Claims and Contingent Liabilities
7. Estimation of Defined Benefits Obligation
8. Useful life of Property, Plant and Equipment

Estimates and judgements are continually evaluated on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

Note 3: Property, Plant and Equipment *(All amounts are in Rs lakhs, unless otherwise stated)*

Particulars	GROSS CARRYING AMOUNT					ACUMULATED DEPRECIATION					NET CARRYING AMOUNT	
	As at 1st April, 2020	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2021	Upto 1st April, 2020	For the Year	Other Adjustments	Sales/ Disposal	upto 31st March 2021	As at 31st March, 2021	As at 31st March, 2020
Lease hold Land	2,529	-	-	-	2,529	215	57	-	-	272	2,257	2,314
Free hold Land	289	-	-	-	289	-	-	-	-	-	289	289
Building	13,365	-	-	-	13,365	4,212	536	-	-	4,748	8,617	9,153
Plant and Machinery	8,441	45	-	0	8,486	7,397	316	-	0	7,713	773	1,044
Plant and Machinery - Windmill	764	-	-	-	764	737	-	-	-	737	27	27
Furniture and Fixture	345	3	-	-	348	317	11	-	-	328	20	28
Refrigerators and Air Conditioners	87	-	-	-	87	67	0	(15)	-	52	35	20
Office Equipments	247	8	-	0	255	229	11	-	0	240	15	18
Motor Vehicles	77	-	-	8	69	48	6	-	8	46	23	29
Right to Use Assets	253	-	-	-	253	25	25	-	-	50	203	228
As at 31 March, 2020	**26,397**	**56**	**-**	**8**	**26,445**	**13,247**	**963**	**(15)**	**8**	**14,187**	**12,259**	**13,150**

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

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 31.03.2021 of Rs. 472 (31.03.2020 Rs. 509) comprised in erstwhile Product Division of MBECL(Kumardhubi Unit 1)[Refer Note 34]

Particulars	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION					NET CARRYING AMOUNT	
	As at 1st April, 2019	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2020	Upto 1st April, 2019	For the Year	Other Adjustments	Sales/ Disposal	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	-
As at 31 March, 2019	**26,305**	**322**	**-**	**230**	**26,397**	**12,675**	**802**	**-**	**230**	**13,247**	**13,150**	**13,630**

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

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 the 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)[Refer Note 34].

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 4: Capital Work-in-Progress

	31st March 2021	31st March 2020
Capital Work-in-Progress	21	20
	21	**20**

Note 5: Investment Properties [Leasehold land]

	31st March 2021	31st March 2020
Gross Carrying Amount		
Opening Gross Carrying Amount / Deemed cost	397	397
Disposals / Adjustments	-	-
Closing Gross Carrying Amount	**397**	**397**
Accumulated Amortization		
Opening Balance	36	33
For the Year	3	3
Closing Accumulated Amortization	**39**	**36**
Net Carrying Amount	358	361

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

	31st March 2021	31st March 2020
Rental Income (included under Other Income - Note 28)(Refer Note -40)	48	48
Direct operating expenses on property that generated rental income	5	5
Profit from Investment Properties before Amortization	**43**	**43**
Amortization	3	3
Profit from Investment Properties	**40**	**40**

(ii) Leasing Arrangements

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

(iii) Fair value

	31st March 2021	31st March 2020
Investment Properties	2,250	2,250

Estimation of fair value

* The fair valuation is based on report dated as on 21.05.2019 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 Consolidated Financial Statements for the year ended 31st March, 2021

Note 6: Intangible Assets

(All amounts are in Rs lakhs, unless otherwise stated)

	GROSS CARRYING AMOUNT					ACUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	As at 1st April, 2020	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2021	Upto 1st April, 2020	For the Year	Sales/ Adjustments	upto 31st March 2021	As at 31st March, 2021	As at 31st March, 2020
Design and Drawings	2,250	-	-	-	2,250	2,250	-	-	2,250	-	-
Computer Software	198	2	-	-	200	196	-	-	196	4	2
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
	2,468	**2**	**-**	**-**	**2,470**	**2,466**	**-**	**-**	**2,466**	**4**	**2**

	GROSS CARRYING AMOUNT					ACUMULATED AMORTISATION				NET CARRYING AMOUNT	
Particulars	As at 1st April, 2019	Additions	Other Adjustments	Sales/ Adjustments	As at 31st March 2020	Upto 1st April, 2019	For the Year	Sales/ Adjustments	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	195	3	-	-	198	195	1	-	196	2	-
Technical Knowhow	20	-	-	-	20	20	-	-	20	-	-
	2,465	**3**	**-**	**-**	**2,468**	**2,465**	1	**-**	**2,466**	**2**	**-**

* amount is below rounding off norm adopted by the Group

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 7: Trade Receivables

	31st March 2021	31st March 2020
Receivables Considered Good-Unsecured	8,209	9,464
Receivables-Credit Impaired	3,463	3,486
Less: Allowance for credit impaired receivables	(3,443)	(3,486)
Total Receivables	**8,229**	**9,464**
Current portion	7,587	8,974
Non-current portion$	622	490

$Represents retention debtors receivable beyond twelve months from 31st March, 2021

Note 8: Cash and Cash Equivalents

	31st March 2021	31st March 2020
Balances with Banks		
- in Current Accounts	1,066	516
Deposits with maturity of less than three months @	12	-
Cheques in Hand	12	-
Cash on hand (as certified by the Management)	1	5
Total Cash and Cash equivalents	**1,091**	**521**
@ Held as lien by bank against bank guarantees	12	-

Note 9: Other Bank Balances

	31st March 2021	31st March 2020
Bank deposits with original maturity greater than three months and maturing within twelve months@	236	187
Total other bank balances	**236**	**187**
@ Held as lien by bank against bank guarantees	236	187

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 10: Other Financial Assets

	31st March 2021		31st March 2020	
Unsecured, Considered Good, unless stated otherwise	Non-Current	Current	Non-Current	Current
Deposit with Banks having maturity more than twelve months @	53	-	25	-
Security Deposits*	9	16	8	16
Balance with Govt Authorities/Amount recoverable from Govt Authorities	14	-	15	-
Other Receivables**	338	78	385	34
Unbilled Revenue	-	310	-	635
Earnest Money Deposit	66	-	73	40
Less: Doubtful Earnest Money Deposit	(2)	-	(2)	-
Total Other Financial Assets	**478**	**403**	**504**	**725**
@ Held as lien by bank against bank guarantees	53	-	25	-

*Security Deposits includes Rs. 2.03 Lacs (31st March, 2020 : Rs. 2.03 Lacs) with Related Parties

**Other Receivables are net of provision of Rs. 81.67 Lacs as at 31st March, 2021 (31st March, 2020: 81.67 Lacs)

Note 11: Other Non Current Assets

	31st March 2021	31st March 2020
	Non Current	Non Current
Security Deposits - considered good	142	86
Prepaid Lease Payments	1	1
Capital Advance	5	5
Total Other Non Current Assets	148	91

Note 12: Inventories [Refer Note 1.J] [Refer Note 53]

	31st March 2021	31st March 2020
Raw Materials	2,658	2,793
Work-in-Progress	5,514	6,858
Finished Goods	39	63
Stores and Spares	885	997
Loose Tools	60	60
Total Inventories	**9,156**	**10,771**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 13: Other Current Assets

	31st March 2021	31st March 2020
Unsecured, considered good, unless stated otherwise		
Prepaid Lease Payments	*	*
Gratuity Receivable @	28	16
Balance with Government Authorities**	859	767
Advance for goods and services	1,721	828
Others :-		
Advance To Employees	71	28
Prepayments	50	62
Security Deposit	65	61
Others	4	-
Total Other Current Assets	2,798	1,763

* amount is below rounding off norm adopted by Group

@Gratuity Actuarial Valuation - Fair Value of plan asset is more than present value of obligation

**It includes ITC of Rs. 10 Lacs blocked by Department of GST, West Bengal during FY 2019-20, still blocked

Note 14: Current Tax Assets (Net)

	31st March 2021	31st March 2020
Opening Balance	202	398
Add : Advance tax paid during year (including tax deducted at source)	64	56
Less : Refund received during the year	-	252
Closing Balance	266	202

Note 15: Deferred Tax Assets (Net)

	31st March 2021	31st March 2020
The balance comprises temporary differences attributable to:		
Deferred Tax Asset on account of		
Unabsorbed Tax Depreciation/Business Loss	6,050	6,050
Items allowable for tax purpose on payment basis	123	123
Allowance for doubtful debts and doubtful advances	682	682
Others	233	233
Total Deferred Tax Assets	**7,087**	**7,087**
Deferred Tax Liability on account of		
Property, Plant and Equipment, Investment Property and Intangible Assets	(848)	(848)
Others	(5)	(5)
Total Deferred Tax Liabilities	(853)	(853)
Net Deferred Tax Assets	**6,234**	**6,234**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Significant estimates

The Group has recognised Deferred Tax Assets amounting to Rs. 6,234 Lacs as on 31st March, 2019 which the Group is also carrying as on 31st March , 2020 & 31st March , 2021. In view of the order passed by the NCLT Court, Kolkata Bench in initiating the process of CIRP against the Holding Company as well as the direction of NCLAT, New Delhi in the matter of the appeal petition against the said order of NCLT Court, Kolkata Bench.

Movements in deferred tax liabilities

Particulars	Unabsorbed Tax Depreciation /Loss	Items allowable for tax purpose on payment basis	Allowance for doubtful debts and doubtful advances	Property, plant and equipment, investment property and intangible assets	Others	Total
At 31 March 2019	**5,937**	**123**	**735**	**(848)**	**287**	**6,234**
Charged/(credited):						
- to profit or loss	113	-	(53)	-	(60)	-
- to other comprehensive income	-	-	-	-	-	-
At 31 March 2020	**6,050**	**123**	**682**	**(848)**	**227**	**6,234**
Charged/(credited):						
- to profit or loss	-	-	-	-	-	-
- to other comprehensive income	-	-	-	-	-	-
At 31 March 2021	**6,050**	**123**	**682**	**(848)**	**227**	**6,234**

Note 16: Equity Share Capital

	31st March 2021		31st March 2020	
	Number of shares	Amount	Number of shares	Amount
(i) Authorised				
Equity Shares of Rs.10/- each	50,000,000	5,000	50,000,000	5,000
Preference Shares of Rs. 10/- each	4,000,000	400	4,000,000	400

	31st March 2021		31st March 2020	
	Number of shares	Amount	Number of shares	Amount
(ii) Issued, Subscribed and Paid up				
Equity Shares				
Equity Shares of Rs.10/- each	12,589,273	1,259	12,589,273	1,259
3,455,529 Equity Shares(31st March 2020:3,455,529Equity Shares) of Rs.10 each were issued as fully paid up pursuant to a Scheme of Arrangement.				
3,600,000 Equity Shares(31st March 2020:3,600,000 Equity Shares) of Rs.10 each were issued as fully paid up pursuant to conversion of Compulsorily Convertible Preference Shares				
		1,259		**1,259**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

	31st March 2021	31st March 2020
	Number of shares	Number of shares
(iii) Equity Shares are held by McNally Bharat Engineering Company Limited$	10,268,698	10,268,698

(iv) Reconciliation of shares

	31st March 2021		31st March 2020	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
Shares outstanding at the beginning of the year	12,589,273	1,259	**12,589,273**	**1,259**
Shares outstanding at the end of the year#	**12,589,273**	**1,259**	**12,589,273**	**1,259**

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

v) Terms/rights attached to equity shares

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

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

	31st March 2021		31st March 2020	
	Number shares held	% of Holding	Number of of shares held	% of Holding
McNally Bharat Engineering Company Limited $	10,268,698	81.56	**10,268,698**	**81.56**
EIG (Mauritius) Limited	1,340,000	10.64	**1,340,000**	**10.64**

$ Includes 23,37,211 Equity Shares (31 March 2020: 23,37,211 Equity Shares) pledged by Holding Company, McNally Bharat Engineering Company Limited, as security for Term Loan from ICICI Bank Limited. Term Loan facility granted by ICICI Bank to the parent company are secured, including against pledge over 23,37,211 number Equity Shares of the parent company held by MBECL. The said pledge created over 23,37,211 equity shares has been invoked by ICICI Bank Limited and a sum of Rs. 1 has been adjusted towards the over-dues under the said facility availed by the parent company from ICICI Bank Limited. In view of Impairment in the investment value in the books of MBECL, a claim of Rs. 4,079 Lacs has been lodged against the parent company. Pending decision with regard to acknowledgement of the said claim of MBECL vis-a-vis the present status under CIRP of the company as mentioned in Note no 49, no provision has been considered in the Consolidated Financial Statements of the Group.

Note 17: Other Equity

	31st March 2021	31st March 2020
Capital Reserve	6,663	6,663
Securities Premium	5,712	5,712
General Reserve	1,52	1,520
Retained Earnings	(8,612)	(9,285)
Total Reserves and Surplus	5,283	4,610

(i) Capital Reserve

	31st March 2021	31st March 2020
As per last Financial Statement	6,663	6,663

(ii) Securities Premium

	31st March 2021	31st March 2020
As per last Financial Statement	5,712	5,712

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

(iii) General Reserve

	31st March 2021	31st March 2020
As per last Financial Statement	1,520	1,520

(iv) Retained Earnings

	31st March 2021	31st March 2020
As per last Financial Statement	(9,285)	(8,583)
Net profit / (loss) for the year	657	(651)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	18	(51)
Closing Balance	(8,612)	(9,285)

Nature & Purpose of Other Reserves

a) **Capital Reserve**
Represents the amount transferred from the transferor company pursuant to Scheme of Amalgamation.

b) **Securities Premium Reserve**
Securites Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

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

Note 18: Non-Current Borrowings

	31st March 2021	31st March 2020
Secured Loans		
Term Loans		
From Banks-	3,358	3,360
From Others	-	4
Total Non-Current Borrowings	3,358	3,364
Less: Current maturities of long-term debt (included in Note 20)	3,355	3,360
	3	4
Inter - Corporate Deposits	-	3,197
Less: Reclassified to Current Borrowings (included in Note 19)	-	3,197
Non-Current Borrowings	3	4

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

	Terms of Repayment and Rate of Interest
i. Year end term loan balance from ICICI Bank Ltd. of Rs 2,500 Lacs (31.03.2020 Rs. 2,500 Lacs) is secured by first pari passu charge on all moveable and immoveable 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. However, the pledge has since been invoked by ICICI Bank Ltd with adjustment of Re 1 towards the overdues under the facilities availed by the Company from ICICI Bank Ltd. In view of impairment in the investment value in the books of the Holding Company, pursuant to above invocation a claim of Rs 4079 Lakhs has been lodged against the company by the Holding Company. Being aggreived, no adjustments have been made in the books of accounts to the effect of adjustments made by ICICI Bank Ltd as well as claim lodged by the Holding Company.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.
ii. Year end term loan balance from DBS Bank Ltd. of Rs 852 Lacs (31.03.2020 Rs. 852 Lacs) is secured by first pari passu charge on all moveable and immoveable fixed assets of the Holding Company (excluding Kumardhubi plant - Unit 1) both present and future.	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.
iii. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 0.47 Lacs (31.03.2020 Rs. 4 Lacs) to be secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% to 9.75%p.a.
iv. Year end balance of Car Loans (term) from ICICI Bank Ltd Rs. 6 Lacs (31 March, 2020 Rs. 9 Lacs) to be secured by hypothecation of the asset under finance.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 8.24%p.a.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

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 and Holding company has already been under Corporate Insolvency Resolution process (CIRP) on and from 11th February 2021 (Refer Note no. 49). 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 No. 20) are as follow :

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

*The amount of interest expense not provided in the books of account on the above borrowings for the year ended 31st March, 2021 is Rs. 699 Lakhs. (Rs. 542 Lakhs for FY 2019-20)

Note 19: Current Borrowings

	31st March 2021	31st March 2020
Secured Loans from Banks		
Loans Repayable on demand *#	13,406	14,897
Unsecured Loans		
Inter - Corporate Deposits (Refer Note No-47)	4,924	4,924
Total Current Borrowings	**18,330**	**19,821**

* Above loan amount is after netoff of Rs 15.06 lacs with current account balance
Also refer Note 18 (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 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. 2,000 Lacs (31st March,2020: Rs. 1,859 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***
Loan from Bank Repayable on Demand		
-ICICI Bank (including Overdraft)	3,900	-
-DBS Bank	415	66
-IDBI Bank	1,500	65
-State Bank of India	3,538	-
-Kotak Mahindra Bank	2,068	-
Total Loan from Bank Repayable on Demand -Default	**11,421**	**131**
Total Inter-Corporate Loans- Default	**4,924**	**66**

*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, 2021 is Rs. 3,370 Lakhs and Rs. 629 Lakhs on Inter-Corporate Borrowings. (FY 2019-20 Rs. 2,136 lakhs and Rs. 631 Lakhs for Bank Borrowing and on Inter corporate borrowing)

Amendments to Ind As 7 Statement of Cash Flows: Disclosure Initiatives

The amendment require entitites 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-20	Cash Flow	Other Adjustments	31-Mar-21
Borrowings (Non-current and Current Maturities of Long Term Debts)	@	3,356	(7)	-	3,358
Borrowings (Current)	*	19,821	(1,491)	-	18,330
Total	**$**	**23,186**	**(1,498)**	**-**	**21,688**

$ Refer Consolidated Statement of Cash Flows
@ Refer Note 18 and Note 20
*Refer Note 20

Particulars		01-Apr-19	Cash Flow	Other Adjustments ^	31-Mar-20
Borrowings (Non-current and Current Maturities of Long Term Debts)	@	6,577	(15)	(3,197.00)	3,365
Borrowings (Current)	*	16,843	(219)	3,197.00	19,821
Total	**$**	**23,420**	**(234)**	**-**	**23,186**

$ 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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 20: Other Financial Liabilities

	31st March 2021	31st March 2020
Non Current		
Lease Obligation	212	222
Total Non Current	**212**	**222**
Current		
Current maturities of long-term debt	3,355	3,360
Interest accrued and due on Borrowings @	354	354
Employee Benefits Payable	369	430
Lease Obligation	11	8
Capital Creditors	19	19
Liability for Other Expenses $	1,518	1,577
Total Current	**5,625**	**5,748**
Total Other Financial Liabilities	**5,837**	**5,970**

$ 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 2019; after that not provided, refer Note 18 B and 19

Note 21: Trade Payables

	31st March 2021	31st March 2020
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 41)	212	31
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,832	6,495
Total Trade Payables	**7,044**	**6,526**
Non-current Portion	1	1
Current portion	7,043	6,525

Note 22: Provisions

	31st March 2021	31st March 2020
Warranty	86	104
Anticipated loss on contracts	165	145
Total	251	249
Current portion	86	104
Non-current portion	165	145

(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 2021, this particular provision had a carrying amount of Rs 86 lakhs (31st March, 2020 Rs 104 lakhs). Where claims costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 9 lakhs higher or lower (31 March, 2020 Rs 10 lakhs higher or lower).

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

(ii) Movements in provisions

	Warranty	
	31st March 2021	**31st March 2020**
Balance as at the beginning of the year	104	103
Additions	3	22
Amount used	(21)	(20)
Amount reversed	-	(1)
Balance as at the end of the year	86	104

	Anticipated loss on contracts	
	31st March, 2021	**31st March, 2020**
Balance as at the beginning of the year	145	126
Unwinding of discount	20	20
Amount used	-	1
Balance as at the end of the year	**165**	**145**

Note 23: Employee Benefit Obligations

	31st March 2021			31st March 2020		
	Current	Non-current	Total	Current	Non-current	Total
Gratuity	64	338	402	74	313	387
Compensated Absence	7	49	56	12	67	79
Long Term Service Award	3	7	10	-	7	7
Superannuation Fund	13	-	13	13	-	13
Total Employee Benefit Obligations	**87**	**394**	**481**	**99**	**387**	**486**

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

	Present value of obligation	Fair value of plan assets	Net amount
As at 1st April, 2019	652	(383)	269
Current service cost	42	-	42
Interest expense/(income)	50	(27)	24
Total amount recognised in profit or loss	**92**	**(27)**	**66**
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
Total amount recognised in other comprehensive income	**64**	**1**	**65**
Employer contributions/premiums paid	-	(29)	(29)
Benefit payments	(93)	93	-
As at 31st March, 2020	**715**	**(345)**	**370 $**
	Present value of obligation	**Fair value of plan assets**	**Net amount**
As at 1st April, 2020	**715**	**(345)**	**370**
Current service cost	37	-	37
Interest expense/(income)	50	(20)	30
Total amount recognised in profit or loss	**87**	**(20)**	**67**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	2	2
(Gain)/loss from change in financial assumptions	5	-	5
Experience (gains)/losses	(26)		(26)
Total amount recognised in other comprehensive income	(21)	2	(19)
Employer contributions/premiums paid	-	(44)	(44)
Benefit payments	(155)	155	-
As at 31st March, 2021	**626**	**(252)**	**374 $**

$ Refer Note 13 and Note 23

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

	31st March 2021	31st March 2020
Present value of funded obligations	626	715
Fair value of plan assets	(252)	(345)
Deficit of funded plans	374	370

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 2021	31st March 2020
Discount rate	6.90%	7.00%
Salary escalation rate	4% - 6%	4% - 6%
Withdrawl rate	1% to 8%	1% to 8%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2012-14) ultimate	

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

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

The contribution expected to be made by the Group for the year ended March 31, 2022 is Rs. 94 Lacs.

Expected Payout

The weighted average duration for 2020-21 of the defined benefit obligation is 5.07 years (March 31, 2020: 4.97 years). The expected maturity analysis of undiscounted gratuity is as follows

	31st March 2021	31st March 2020
Less than a year	90	132
Between 1 to 2 years	64	133
Between 2 to 5 years	281	295
More than 5 Years	1,588	558
Total	**2,023**	**1,118**

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

Sensitivity Analysis	31st March 2021	31st March 2020
Under Base scenario	524	585
Increase in discount rate by 1%	593	679
Decrease in discount rate by 1%	662	754
Increase in salary escalation by 1%	665	756
Decrease in salary escalation by 1%	590	677
Increase in Withdrawl rate by 1%	631	720
Decrease in Withdrawl rate by 1%	619	708

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 Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the interest rate on plan assets will increase the plan liability.
Life expectancy	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.

b) Provident Fund

Contributions towards provident funds are recognised as expense for the year. The Group contributes to the provident funds trusts set up by the holding company in respect of certain categories of employees which is administered by Trustees. Both the employees and the Group make monthly contributions to the Funds at specified percentage of the employee's salary to and aggregate contributions along with interest thereon are paid to the employee's/ nominee's at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investment prescribed by the Government. The interest rate payable to the members of the Trusts is not lower 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligation as at the Balance Sheet date using Projected Unit Capital Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Group as at the Balance Sheet date. Further during the year, the Group's contribution of Rs. 96 Lacs (2019-20 Rs. 178 Lacs) 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 -

	31st March 2021	31st March 2020
Discount rate	6.90%	7.00%
Expected Return on Exempted Fund	8.50%	8.50%

(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 March 2021	31st March 2020
Employer's Contribution to Provident Fund	134	157

Note 24: Other Current Liabilities

	31st March 2021	31st March 2020
Advance received from customers	2,945	4,464
Due to Customers	63	550
Dues payable to Government Authorities	165	57
Total other current liabilities	**3,173**	**5,070**
Current portion	3,173	5,070
Non-current portion	-	-

Note 25: Revenue from Operations

	Year ended 31st March 2021	Year ended 31st March 2020
Sale of Products	16,335	15,441
Sale of Services	1,018	1,481
Contract Revenue	-	319
Other Operating Revenue	419	307
Total Revenue from Operations	**17,772**	**17,518**

Note 26: Other Income

	Year ended 31st March 2021	Year ended 31st March 2020
Rental Income	48	48
Interest Income from Financial Assets at Amortised Cost	159	417
Allowance for Bad Debts Written Back	150	247
Provisions no longer required Written Back	26	75
Liability no longer required Written Back	99	246
Advance Written Back	-	65
Foreign Exchange Gain	2	3
Interest Income	2	4
Miscellaneous Income	16	45
Total Other Income	**502**	**1,150**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 27: Cost of Materials Consumed

	Year ended 31st March 2021	Year ended 31st March 2020
Raw Materials at the beginning of the year	2,793	2,551
Add: Purchases	7,698	8,643
Less: Raw Materials at the end of the year	2,658	2,793
Total Cost of Materials Consumed	**7,833**	**8,401**

Note 28: Changes in Inventories of Work-in-Progress and Finished Goods

	Year ended 31st March 2021	Year ended 31st March 2020
Opening balance		
Work-in progress	6,858	7,376
Finished Goods	62	-
Total opening balance	**6,920**	**7,376**
Closing balance		
Work-in progress	5,514	6,858
Finished Goods	39	63
Total closing balance	5,553	6,920
Total Changes in Inventories of Work-in-Progress and Finished Goods	**1,367**	**456**

Note 29: Employee Benefits Expenses

	Year ended 31st March 2021	Year ended 31st March 2020
Salaries, Wages and Bonus	2,662	2,790
Contribution to Provident and Other Funds	219	287
Staff Welfare Expenses	123	138
Total Employee Benefits Expenses	**3,004**	**3,214**

Note 30: Depreciation and Amortisation Expenses

	Year ended 31st March 2021	Year ended 31st March 2020
Depreciation of Property, Plant and Equipment	948	802
Depreciation on Investment Properties	3	3
Amortisation of Intangible Assets	-	1
Total Depreciation and Amortisation Expense	**951**	**806**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 31: Other Expenses

	Year ended 31st March 2021	Year ended 31st March 2020
Consumption of Stores and Spares	763	512
Fabrication and Other Charges	1,380	2,179
Power	245	294
Repairs and Maintenance:		
To Plant and Machinery	49	73
To Buildings	11	22
To Others	64	92
Professional Fees	466	567
Rental Charges	43	30
Subscriptions and Donations	1	1
Rates and Taxes	28	55
Insurance	79	75
Freight	204	454
Travel and Conveyance	209	446
Directors Fees	1	2
Royalty	10	16
Commission Expenses	9	36
Bad Debts written off	-	1
Liquidated Damages Expenses	12	32
Allowance for Doubtful Debts on Trade Receivables / Other Assets	151	329
Advances Written off	-	27
Provision for Warranty	4	17
Loss on Foreign Currency Transactions/Translations	5	5
Miscellaneous Expenses (refer note 30 (a) below)	339	429
Total Other Expenses	**4,073**	**5,694**

Note 31(a): Miscellaneous Expenses includes :

	Year ended 31st March 2021	Year ended 31st March 2020
Auditors Remuneration		
As Auditors(including Limited Review)	35	36
Total Auditors Remuneration	**35**	**36**

Note 31(b): Corportate Social Responsibility :

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

Note 32: Finance Cost

	Year ended 31st March 2021	Year ended 31st March 2020
On Banks Borrowing	359	700
On Lease Obligation	30	73
Total Finance Cost	**389**	**773**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 33: Income Tax Expense

This note provides an analysis of the group'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 Group's tax positions.

	31st March 2021	31st March 2020
(a) Income Tax Expense		
Current tax		
Current tax on profits for the year	-	-
Total Current Tax Expense	**-**	**-**
Deferred Tax		
Decrease (increase) in deferred tax assets	-	1
(Decrease) increase in deferred tax liabilities	-	(1)
Total Deferred Tax Expense/(benefit)	**-**	**-**
Income Tax Expense	**-**	**-**
-through Profit and Loss	-	-
-through Other Comprehensive Income	1	(15)

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

	31st March 2021	31st March 2020
Profit from continuing operations before Income Tax Expense	657	(676)
Other Comprehensive Income	18	(66)
	675	**(742)**
Tax at the applicable Indian Tax Rate		
Income tax charge on profit of a subsidiary	-	-
Add : Deferred Tax Asset created for Unabsorbed business loss	-	-
Add / (Less) : Adjustment for temporary differences		
Disallowances on items for tax purpose on payment basis	-	-
Disallowance for doubtful debts and doubtful advances	-	-
Change in carrying value of assets under Income tax and books	-	-
Others		
Income Tax Expense	**-**	**-**

Note 34: Contingent Liabilities

	31st March 2021	31st March 2020
Claims against the Group not acknowledged as debts *	18,841	-
Other money for which the company is contingent liabile:-		
Excise Duty and Service tax matters under dispute	2,632	2,479
Sales Tax and Value Added Tax matters under dispute	4,344	3,580
Income-tax matters (Net of refund)	703	1,070
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
Arbitration with Odisha Mining Corporation	445	445
	28,310	**8,919**
Others		
Performance bank guarantees [Limit: Rs 2,900 lakhs (31 March, 2020: Rs 2,900 lacs)]-Amount utilised	1,088	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 51]	5,950	5,950
	7,038	**7,899**
	35,348	**16,818**

* In earlier year, the holding company, McNally Bharat Engineering Company Limited had entered a put option agreement with EIG (Mauritus) Limited, who invested in its subsidary (McNally Sayaji Engineering Limited) and the Subsidiary Company was also a party to the said agreement. In order to exercise the put option, the investor submitted its request for Arbitration to the International Chamber of Commerce Court, Singapore against the Holding Company and the Company as Respondent No. 1 and Respondent No. 2 respectively. The Arbitrator issued a dissenting opinion requiring the respondents to pay damages amounting to Rs. 18841 lacs (including interest) and legal cost. The award has been challenged in the High Court of the Republic of Singapore. The matter is pending with them.

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, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 35: Fair Value Measurements Financial Instruments by category

	31st March, 2021			31st March, 2020		
	FVPL	FVOCI	Amortised Cost	FVPL Cost	FVOCI	Amortised
Financial Assets						
Trade Receivables	-	-	8,209	-	-	9,464
Cash and Cash Equivalents	-	-	1,091	-	-	521
Other Bank Balances	-	-	236	-	-	187
Other Financial Assets	-	-	881	-	-	1,229
Total Financial Assets	**-**	**-**	**10,417**	**-**	**-**	**11,401**
Financial Liabilities						
Borrowings	-	-	21,688	-	-	23,185
Trade Payables	-	-	7,044	-	-	6,525
Other Financial Liabilities	-	-	2,483	-	-	2,610
Total Financial Liabilities	**-**	**-**	**31,215**	**-**	**-**	**32,320**

(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, 2021 - 9 and Nil respectively (31st March, 2020- 8 & NIL respectively).

Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed At 31st March, 2021

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Unbilled Revenue	10			310	310
Total Financial Assets		**-**	**-**	**310**	**310**
Financial Liabilities					
Retention Money Payable	19	-	-	67	67
Total Financial Liabilities		**-**	**-**	**67**	**67**

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
Financial Assets					
Unbilled Revenue	10			635	635
Total Financial Assets			**-**	**635**	**635**
Financial Liabilities					
Retention Money Payable	19	-	-	67	67
Total Financial Liabilities		**-**	**-**	**67**	**67**

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.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

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

Particulars	31st March, 2021		31st March, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Unbilled revenue	310	310	635	635
Total Financial Assets	**310**	**310**	**635**	**635**
Financial Liabilities				
Retention Money Payable	67	67	67	67
Total Financial Liabilities	**67**	**67**	**67**	**67**

The carrying amounts of trade receivables, security deposits, cash and cash equivalents, other bank balances, advances to related parties, other receivables, borrowings and trade payables are considered to be the same as their fair values.

The fair values for financial instruments were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Note 36: Financial Risk Management

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

The Group's risk management is carried out by a central treasury department (Company Treasury) under policies approved by the Management. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Groups's operating units. The management provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit Risk

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

(i) Credit Risk Management

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

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

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

- internal credit rating
- external credit rating
- actual or expected significant changes in the operating results of the 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.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Financial assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the group or where 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 amout net of impairment provision	
				March 20	March 21	March 20	March 21	March 20	March 21	March 20	March 21
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	881	1,229	-	-	-	-	881	1,229

(iii) Reconciliation of Loss Allowance Provision- Trade Receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loss allowance on at Opening Balance Sheet date	3,486	3,516
Changes in loss allowance	(43)	(30)
Loss allowance on at Closing Balance Sheet date	3,443	3,486

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

(B) Liquidity Risk

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

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

(i) Maturities of Financial Liabilities

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

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

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

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	Less than 12 months		More than 12 months		Total	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Borrowings	21,685	23,181	3	4	21,688	23,185
Trade Payables	7,043	6,525	1	1	7,044	6,526
Other Financial Liabilities	2,271	2,388	-	-	2,271	2,388
Total Financial Liabilities	**30,999**	**32,094**	**4**	**5**	**31,003**	**32,099**

(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 INR. 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 follow:

	As at 31st March 2021			As at 31st March 2020		
	USD	EURO	GBP	USD	EURO	GBP
Financial Assets						
Trade Receivables	142	81	-	2	41	-
Advance to Supplier	189	18	-	-	4	-
	331	**99**	**-**	**2**	**45**	**-**
Financial Liabilities						
Advance from Customer	210	-	-	35	24	-
Trade Payables	42	126	2	54	157	2
	252	**126**	**2**	**89**	**181**	**2**

(b) Sensivity:

Impact on profit

	As at 31st March 2021			As at 31st March 2020		
	USD	EURO	GBP	USD	EURO	GBP
Increase by 5% #	4	(1)	*	(4)	(7)	*
Decrease by 5% #	(4)	1	*	4	7	*

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During 31 March 2021 and 31 March 2020, 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 2021	As at 31st March 2020
Variable rate borrowings	16,764	18,261
Fixed rate borrowings	4,924	4,924

(b) Sensivity

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

	As at 31st March 2021	As at 31st March 2020
Increase in interest rates by 50 basis points (50 bps) #	(88)	(92)
Decrease in interest rates by 50 basis points (50 bps) #	88	92

Holding all other variables constant

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 37: Capital Management

Risk Management

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

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

Loan Covenants

Under the terms of the major borrowing facilities, the group is required to comply with certain financial covenants, of which 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 31st March 2021	As at 31st March 2020
Current		
Financial Assets		
Trade Receivables	7,587	8,974
Cash and Cash Equivalents	1,327	708
Other Financial Assets	403	725
Non-financial Assets		
Inventories	9,156	10,771
Other Current Assets	2,798	1,763
Total Current assets	**21,271**	**22,940**
Non-current		
Trade Receivables	622	490
Property, Plant and Equipments**	11,584	12,413
Capital work-in-progress	21	20
Investment properties	361	361
Other Intangible Assets	2	2
Total Non-current assets	**12,590**	**13,286**
Total Assets pledged as security	**33,861**	**36,226**

* rounding off norm adopted by the Group

** 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 31.03.2021 of Rs. 472 lacs (31.03.2020 Rs. 509 lacs)) comprised in erstwhile Product Division of MBECL(Kumardhubi Unit 1) and Rs 203 lacs (31.03.2020 Rs. 228 lacs) are excluded for ROU Assets from Propert y, Plant and Equipment recognised during the year as per IND AS 116.

Note 39: Earnings Per Share

	31 March 21	31 March 20
Basic Earnings Per Share		
Net Profit/ (Loss) after tax (Rs in Lacs)	657	(651)
Weighted average number of equity share used as the denominator in calculating basic earnings per share.	12,589,273	12,589,273
Basic Earning Per Share (in Rs.)	**5.22**	**(5.17)**
Diluted Earnings Per Share *		
Net Profit/ (Loss) after tax	657	(651)
Net Profit/ (Loss) (Rs in Lacs)	**657**	**(651)**
Weighted average number of equity share used as the denominator in calculating diluted earnings per share.	12,589,273	12,589,273
Diluted Earning Per Share (in Rs.)	**5.22**	**(5.17)**
Weighted average number of shares used as the denominator		
Number of equity share at the beginning of the year	12,589,273	12,589,273
Weighted average number of equity share issued during the year	-	-
Weighted average number of equity share at the end of the year	12,589,273	12,589,273

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

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 40: Commitments

(a) Capital Commitments

Particulars	31st March, 2021	31st March, 2020
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	-	38

(b) Leases

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 Consolidated Statement of Profit and Loss, unless the same are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group'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.

ii) 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 Group 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. Group have enetred 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

Particulars	2020-21	2019-20
Depreciation recognized	25	25
Interest on lease liabilities	30	31
Expenses relating to short-term leases & of low-value assets	29	9
Total cash outflow for leases	67	65
Additions to ROU during the year	0	0
Net Carrying Amount of ROU at the end the year	**202**	**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:-

Asset Class	Items Added to ROU Asset as on 01.04.2020	Additions to ROU Asset during the Year	Depreciation Recognized During the Year	Net Carrying value as on 31.03.2021
Office Space	228	-	25	203
Total	228	-	25	203

Application of this standard has resulted a net decrease in Profit before Tax for the period April - Mar 2021 by Rs.17 lacs (increase in Depreciation & Amortization expenses , Finance Cost by Rs. 25 lacs and Rs 30 lacs respectively and decrease in Other Expenses by Rs.38 lacs).

b) As Lessor

Operating Lease

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

Particulars	2020-21	2019-20
Lease rentals recognized as income during the year	48	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, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 41: Details of dues to Micro and Small Enterprises

Particulars	31st March 2021	31st March 2020
Principal Amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	212	31
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	16	6
Principal amounts paid to suppliers registered under the MSMED Act, 2006 beyond the appointed day	136	246

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 is Rs Nil (31.03.2020 Rs. Nil)

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 decison maker as defined under Note 1, the Group's operation comprises of only one reporting segment . Accordingly, there are no separate reportable segments, as per Indian Accounting Standard 108 on "Segment Reporting".

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

	31st March 2021	31st March 2020
Revenue from Customers		
- India	16,118	17,333
- Outside India	1,654	185
	17,772	17,518
Non-current Assets		
- India	19,982	20,852
- Outside India	142	-

Note 44: Related Party Transactions

a) Where control exists
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 Group
McNally Bharat Executive Staff Gratuity Fund (MBESGF)
McNally Bharat Employees Provident Fund (MBEPF)

iv) Key Managerial Personnel
Mr. Pradip Kumar Tibdewal – Whole Time Director (Till 31-10-2020)
Mr. Uttam Tekriwal – Chief Financial Officer (Till 15-07-2020)
Mr. Purajit Roy – Chief Financial Officer (From 15-07-2020)
Mr. Aseem Krinshnamohan Srivastav – Whole Time Director & CEO (From 02-12-2020)
Mr. Saikat Ghosh - Company Secretary
Mr. Nilotpal Roy - Non-Executive Independent Director
Ms. Kastruri Roy Choudhury - Non-Executive Independent Director

v) Key Managerial Personnel of the Holding Company (McNally Bharat Engineering Company Limited)
Mr. Aditya Khaitan - Chairman
Mr. Srinivash Singh – Managing Director
Mr. Manoj Kumar Digga - Chief Financial Officer (Till 02-09-2020)
Mr. Brij Mohan Soni - Chief Financial Officer (From 07-09-2020)
Mr. Rahul Banerjee - Company Secretary
No transactions during the year.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

(c) Transactions with related parties:
The following transactions occurred with related parties:

	31st March 2021	31st March 2020
Sale of Products and Services - MBECL*	747	511
Rental Income - MBECL	48	48
Purchase of goods and services - MBECL	1,356	-
Rental and Other Charges - MBECL	31	-
Reimbursement of Expenses (Paid) - MBECL	2	-
Remuneration paid to Key Managerial Personnel		
Mr. Pradip Kumar Tibdewal - Whole Time Director	52	110
Mr. Aseem Krishanmohan Srivastav- CEO & Whole Time Director	32	-
Mr. Uttam Tekriwal – Chief Financial Officer	9	51
Mr. Purajit Roy – Chief Financial Officer	40	-
Mr. Saikat Ghosh - Company Secretary	5	6
Remuneration paid to Key Managerial Personnel		
Mr. Nilotpal Roy - Non-Executive Independent Director	1	1
Ms. Kastururi Roy Choudhury - Non-Executive Independent Director	1	1
Contribution to Fund - MBESGF	44	19
Contribution to Fund - MBEPF**	96	134

*Amount inclusive of GST
** Considered only Employer Contribution

(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 2021	31st March 2020
Trade and Other Receivables			
MBECL		121	169
Trade Payables and Other Current Liabilities			
MBECL #		3,522	2,782
Outstanding Corporate Guarantee Given			
MBECL		5,950	5,950
Outstanding Corporate Guarantee Received			
MBECL		7,850	7,850
Key Managerial Personnel			
Pradip Kumar Tibdewal	Whole Time Director	-	6
Mr. Aseem Krishanmohan Srivastav	CEO & Whole Time Director	11	-
Uttam Tekriwal	Chief Financial Officer	-	3
Mr. Purajit Roy	Chief Financial Officer	4	-
Saikat Ghosh	Company Secretary	*	*

* Amount is below rounding off norm adopted by the Group.
# The above Balances of holding company MBECL represent net balance after set off of Trade Receivable.

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, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Note 45: Disclosure of recovery or settlement of assets and liabilities

Particulars	31st March, 2021		31st March, 2020	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
ASSETS				
Non-current assets				
Property, Plant and Equipment	-	12,259	-	13,150
Capital Work-in-progress	-	21	-	20
Investment Properties	-	358	-	361
Other Intangible Assets	-	4	-	2
Financial Assets				
Trade Receivables	-	622	-	490
Other Financial Assets	-	478	-	504
Deferred Tax Assets	-	6,234	-	6,234
Other Non-current Cssets	-	148	-	91
Current Assets				
Inventories	9,156	-	10,771	-
Financial Assets				
Trade Receivables	7,587	-	8,974	-
Cash and Cash Equivalents	1,091	-	521	-
Bank Balances other than above	236	-	187	-
Other Financial Assets	403	-	725	-
Other financial assets	266	-	202	-
Current Tax Assets (Net)	2,798	-	1,763	-
Other Current Assets				
Non-current liabilities				
Financial Liabilities				
Borrowings	-	3	-	4
Trade Payables	-	1	-	1
Other financial liabilities		212		222
Provisions	-	165	-	145
Employee Benefit Obligations	-	394	-	387
Other Non-current Liabilities	-	-	-	-
Current Liabilities				
Financial Liabilities				
Borrowings	18,330	-	19,821	-
Trade Payables	7,043		6,525	
Other Financial Liabilities	5,625	-	5,748	-
Provisions	86	-	104	-
Employee Benefit Obligations	87	-	99	-
Other Current Liabilities	3,173	-	5,070	-

* 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 :

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated New Assets	Amount (In Rs Lacs)	As % of Consolidated New Assets	Amount (In Rs Lacs)
Holding Company:				
McNally Sayaji Engineering Limited	101.29%	6,626	149.55%	982
Subsidiary				
MBE Coal & Mineral Technology India Private Limited	-1.29%	(84)	-49.55%	(325)
TOTAL	**100%**	**6,542**	**100%**	**657**

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are 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. 4,069 Lakhs and Rs. 629 Lakhs on Inter-Corporate Borrowings, for the financial year ended 31st March, 2021. (For the financial year ended 31st March 2020 Rs 2,678 Lakhs and Rs 631 Lakhs on bank borrowings and Inter-Corporate Borrowings respectively).

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 beyond the Holding Company's control and the Holding Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. Pursuant to the order passed by the NCLT Court, Kolkata Branch, Corporate Insolvency Resolution Plan has been initiated against the Holding Company.However, in view of the direction of NCLAT, New Delhi the Consolidated Financial Results have been prepared on going concern basis.

Note 49

Pursuant to the application being CP No. 131/KB/2020 filed by one Financial Creditor under Section 7 of Insolvency and Bankruptcy Code, 2016 the NCLT Court, Kolkata Bench, while disposing of the matter vide its order dated 11th February, 2021 admitted the application and gave direction to initiate Corporate Insolvency Resolution Process (CIRP) against the Holding Company. CA Jitendra Lohia, registered with the Insolvency and Bankruptcy Board of India under Registration No. IBBI/IPA-001/IP-P00170/2017-19/10339 has been appointed as the Interim Resolution Professional (IRP) for the Holding Company. The said order of 11th February, 2021 passed by the NCLT Court, Kolkata Bench, has been challenged before the NCLAT, New Delhi vide CA(AT) (Insolvency) No. 147 of 2021. While, stay has been granted by the Hon'ble NCLAT, New Delhi on constitution of Committee of Creditors, the IRP has been directed to ensure that the company remains a going concern. The application is pending for disposal before the Hon'ble NCLAT, New Delhi.

Note 50

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. However, post lockdown, the operations having resumed gradually in a phased manner following directives from the GOI as well as state Governments,the business of the group is regaining normalcy in terms of volume as well as cash flow. 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 51

In earlier years, the Parent 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. 472 lacs as on 31st March, 2021. The Review Report of the Holding Company for the nine months ended 31st December, 2020 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 Consolidated Financial Statements of the Group.

Note 52

Management has prepared these Consolidated Financial Statements with its Subsidiary Company, MBE Coal & Minerals Technologies India Private Limited on its Unaudited Certified Financial Statement as on 31st March, 2021.

Note 53

On Commencement of CIRP of the Holding Company, as per the advice of IRP, complete evaluation of the Non-moving and slow-moving inventories of the Holding Company has been initiated, in view of some items in Work-in-Progress found some Non-Moving since long, over the years. However, preliminary evaluation also resulted in identification of certain Inventories which requires reconciliation. Pending complete comprehensive evaluation and reconciliation, no provision has been taken in the financial statements including Rs. 875 Lakhs on such account of shortfall in the value of inventories (including Work-in-Progress)

Note 54

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.

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2021

(All amounts are in Rs lakhs, unless otherwise stated)

Particulars	31st March 2021	31st March 2020
(i) Contract revenue recognized for the year	-	319
(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
(iii) Amount of customer advances outstanding for contracts in progress	-	627
(iv) Amount retained by customers for contracts in progress	-	786

Note 55

Trade Receivables, advances to suppliers and expenses recoverable are subject to confirmation, reconciliation and settlement of certain disputes from respective parties and consequential reconciliation and adjustments arising therefrom, if any. The management, however does not expect any material variation. Management is also hopeful for recovery/realisation of these assets in the normal course of business. Hence, in view of the management, short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

Note 56

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

Note 57

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 58

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

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

(V.K. SINGHI)
Partner
Membership No: 050051
Place : Kolkata
Date : 30th June, 2021

For McNally Sayaji Engineering Ltd

Aseem K. Srivastav
Whole Time Director (Suspended)
(DIN : 03178279)

Purajit Roy
Chief Financial Officer

Saikat Ghosh
Company Secretary

CA Jitendra Lohia
Interim Resolution Professional
(IBBI/IPA/P00170/2017-18/10339)

McNally Sayaji Engineering Limited
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