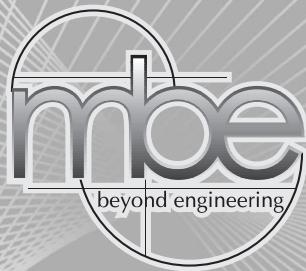


# Annual Report 2015-16



McNally Bharat Engineering Company Limited

## FROM THE CHAIRMAN'S DESK

It has been over a year, since I have assumed the office of the Chairman of your company. When I assumed this august Chair, the industry was reeling under multiple constraints like Global slowdown resulting in lower demand in mining products, low demand in China and shrinking of economies in the BRIC group other than India resulting in stalling of capacity built up and sluggishness in the entire EPC and Engineering sector across the world. This, coupled with policy paralysis at the Government level in India, resulted in deferment and delay on new projects in the infra space. The main focus of mine, during this one year, was to regroup and optimise all available resources, fixed cost reduction across the company, completion of all projects in hand as quickly as possible, restrategise and refocus on key business area and bring new strategic partner to add value in the business.

In pursuit of the above, I would like to take the opportunity to share with you what have been done in last one year. As already reported in my last year's statement, we have invited EMC Group, an experienced player in EPC in power transmission and solar energy, to join as co-promoter and strategic partner in business. The entire process has been completed as per SEBI regulation and they are already guiding our team in the day to day management of business. We have reduced our fixed expenses across the board and the process is continuing. As part of restrategising our business, with the support of EMC Group, we have been able to secure an order of over Rs. 1000 crore to built a bitumen refinery for a reputed refinery in Oman. The project has already taken off and the customer has already paid contractual advance. In pursuit of reaching greater heights and to emerge as a total engineering solution provider, your board has already approved a merger of your company along with its subsidiary McNally Sayaji Engineering and EMC Ltd into Kilburn Engineering Ltd. The merged entity shall eliminate duplication of effort leading to optimisation of resource utilization that will usher exponential growth. Combining of common resources will lead to attain economies of scale thus reducing costs significantly and increase efficiency. This will help all the stakeholders.

The year 2016-17 definitely shows signs of revival of infrastructure sector in India. Oil price being at the lowest, Government will have surplus funds to build up and doing pump priming in infrastructure sector. The investment outlook for the current year will depend mostly on public investments in infrastructure build up. Your company has an opening order book of over Rs. 4000 cr to work with and shall accordingly be selective in fresh order booking during the current financial year.

I must record my appreciation to the employees of your company, who at this difficult juncture provided their strong support and professional acumen to handle a difficult year that passed by.

Finally, I must thank all the stake holders of the company for their patience, support, guidance and confidence in the management of the company.

**Aditya Khaitan**  
*Chairman, McNally Bharat Engineering Co. Ltd.*

# Corporate Information

Mr. Aditya Khaitan  
*Chairman*

## Directors

Mr. Virendra Kumar Verma  
 Mr. Amritanshu Khaitan  
 Mr. Subir Ranjan Dasgupta  
 Mr. Asim Kumar Barman  
 Mr. Puranam Hayagreeva Ravikumar  
 Mr. Prasanta Kumar Chandra  
*Whole Time Director & COO*  
 Mr. Prabir Ghosh  
*Whole Time Director & CFO*

## Corporate Identification Number

L45202WB1961PLC025181

## Registered Office

4 Mangoe Lane  
 Kolkata – 700001  
 West Bengal, India

## Corporate Office

Eospace Business Park, Campus 2B  
 11F/12 (Old Plot No. AA II/Blk 3)  
 New Town, Rajarhat, North 24 Parganas  
 Kolkata – 700156  
 West Bengal, India  
 T: +91 33 3014 1111 / 6628 1111  
 F: +91 33 3014 2277 / 6628 2277

## Bankers

Bank of India  
 Allahabad Bank  
 Axis Bank Limited  
 Bank of Baroda  
 Canara Bank  
 HDFC Bank Limited  
 ICICI Bank Limited  
 IDBI Bank Limited  
 Kotak Mahindra Bank  
 Oriental Bank of Commerce  
 Punjab National Bank  
 State Bank of India  
 The Karur Vysya Bank Limited  
 UCO Bank  
 Union Bank of India  
 United Bank of India  
 Yes Bank Limited  
 Standard Chartered Bank  
 DCB Bank Limited  
 The Lakshmi Vilas Bank Limited  
 Ratnakar Bank Limited  
 Indusind Bank

## Auditors

Lovelock & Lewes, Chartered Accountants

## Solicitors

Khaitan & Co.  
 Mr. Atanu Raychaudhuri, Advocate

## Registrars & Share Transfer Agents

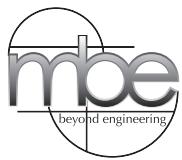
Maheshwari Datamatics Private Limited  
 6 Mangoe Lane, 2nd Floor, Kolkata – 700001  
 West Bengal, India  
 T: +91 33 2243 5029 / 5809

## Website & E-mail

<http://www.mcnallybharat.com>  
 mbe.corp@mbecl.co.in  
 mbecl@mbecl.co.in

## Contents

Directors' Report	2	Independent Auditors' Report on Consolidated Financial Statements	92
Annexures to the Directors' Report	9	Consolidated Financial Statements	96
Independent Auditors' Report	53	Notes to the Consolidated Financial Statements	98
Standalone Financial Statements	60	Consolidated Cash Flow Statement	125
Notes to the Financial Statements	62	Form AOC-1	127
Standalone Cash Flow Statement	90		



## Directors' Report

Your Directors have pleasure in presenting the Fifty Third Annual Report together with audited statement of accounts for the year ended March 31, 2016.

### Highlights

The key highlights of the operations for the financial year 2015-16 over the previous year are (based on standalone only in all cases):

Total Income increased by Rs. 26,433.41 lacs and earnings before Finance Cost, Depreciation & Amortization and Tax decreased by Rs. 5,689.14 lacs.

### Financial Results

The Financial performance of the Company for the year ended March 31, 2016, is summarized below:

Particulars	Rs. in Lacs	
	Standalone year ending March 31, 2016	Standalone year ending March 31, 2015
Sales (net of excise) and other income	244,633	218,200
Profit before Finance Cost, Depreciation & Amortisation and Tax	2,220	7,909
Less: Finance cost	31,747	22,519
Earnings before Depreciation & Amortisation and Tax	(29,527)	(14,610)
Less: Depreciation & Amortisation	2,249	2,912
Profit before Tax and before provision for onerous contract	(31,776)	(17,522)
Provision for onerous contracts	(1,400)	(6,100)
Profit before Tax but after provision for onerous contract	(30,376)	(11,422)
Less: Provision for Taxation (including Deferred Tax)	0	0
Profit after tax and after provision for onerous contract	(30,376)	(11,422)
Profit after Tax	(30,376)	(11,422)
Amount brought forward from previous year	4,159	15,712
Profit available for Appropriations	(26,217)	4,290
Proposed for Dividend on equity shares for the year	0	0
Dividend Distribution Tax on Proposed Dividend on Equity shares	0	0
Transfer from/to General Reserve	138	0
Proposed for Dividend on preference shares for the year	112	112
Dividend Distribution Tax on Proposed Dividend on preference shares	25	19
Balance at the end of the year	26,218	4,159

### Business Performance/ Review of Operations

The financial year 2015-16 has been the most challenging year in the recent past for the entire infrastructure Sector. Complete policy paralysis at the Government level and resulting deferment and delay on all new projects in the infra sector reduced the overall opportunities for all the players. This has resulted in significant fall in order booking during the financial year by all the players. MBE is no exception and during the year the fresh order inflow was substantially lower at Rs. 1443 Cr. Those include one order for Bitumen Refinery in Sohar area of Oman, which your company has

received in a joint venture with the new promoter Group in your company, EMC Ltd. The Company during the year faced severe working capital crunch due to non payment of dues by certain Private and Public sector customers and delayed execution on part of some customers. This has affected the execution and the billing in spite of reasonably healthy opening order book at the beginning of the financial year. The borrowing level during the year increased substantially which also created pressure on cash flow and profitability due to high interest burden. Though the top line during the year was maintained at the same level of previous year, the pressure

on high interest payout and higher provision of depreciation due to change in accounting policy resulted in loss of Rs303 Cr during the financial year.

Some of the significant orders bagged during the year are mentioned below, which are currently under execution:

- GIS Substation Order from WBSETCL for Rs. 32.95 crores.
- De-Bottlenecking of Zawar Plant from Hindustan Zinc Ltd. for Rs. 160.00 crores.
- Operation and Maintenance Work at 4 x 135 MW Coal based Power Plant of Sai Wardha Power Plant from KSK – SWPL for Rs. 57.02 crores.
- Operation and Maintenance for Coal Based Thermal Power Plant from Adani Power Maharashtra Ltd. for Rs. 125.00 crores.
- Civil and Structural Works for CDU – 4 Project at Mahul – Mumbai for Bharat Petroleum Corporation Limited.
- Civil and Structural Works of Sindhri Cement Plant for ACC
- Development of Modern Station Building and allied works of Hijli Station for South Eastern Railways
- Construction Work for Buildings at Rajarhat – Kolkata for Bengal Unitech Universal Infrastructure Pvt. Ltd.

#### **Major Projects Under Execution**

- 9,000 TPD Cement Plant project at Jamul for ACC
- BOP Package for 2 x 600 MW STPP of M/S SCCL
- 400 KV Substation Extension Package (Package S1) of M/S PGCIL
- 132 KV GIS Substation at Domkol & Nazirpur of M/S WBSETCL
- 132 KV GIS Substation at Panagarh of M/S WBSETCL
- Coal Handling Plant for 1x500 MW TPS at Vidyachal of NTPC
- Coal Handling Plant for 3x250 MW TPS at Bongaigaon of NTPC
- Coal Handling Plant for 2x500 MW at Sagardighi of WBPCL
- Ash Handling Plant for 2x660 MW at Mouda (Stage II) of NTPC
- Ash Handling Plant for 3x800 MW at Kudgi of NTPC
- Ash Handling Plant for 3x250 MW TPS at Bongaigaon of NTPC
- Ash Handling Plant for 2x250 MW at Bhavnagar of M/S BECL
- Limestone Milling and Conveying System for 2x250 MW at Bhavnagar of M/S BECL
- Dry Fly Ash Conveying system at Farakka of NTPC
- CW & Make up Water Package for 2x600 MW at Nabinagar of NPGC
- PT Plant for 2x600 MW at Nabinagar of NPGC
- PT Plant including Intake for 1x500 MW at Bokaro of DVC
- PT Plant for 2x660 MW at Mouda (Stage II ) of NTPC

- Booster Pumping Station at Entally in Kolkata of KMC
- Sinter Plant at Vizag for RINL
- Paradip- Haldia Gas Pipeline Project of IOCL
- Coke Handling Plant at Chennai for CPCL
- De-bottlenecking of Plant at Zawar of HZL

#### **SUBSIDIARIES**

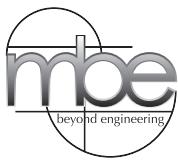
- McNally Sayaji Engineering Ltd. (MSEL)

#### **Major Order Received**

- Larson & Tubro - Rod Mill & Screening Feeder - Rs 1051 Lacs
- Famur India Mining Solutions Pvt. Ltd - Wagon Tippler - Rs 1863 Lacs
- Bengal Tools Ltd - Screening Feeder & Ring Granulator - Rs 366 Lacs
- Jindal Steel & Power Ltd - Idler & Pulley - Rs 492 Lacs
- Lanco Infratech Limited -Apron Feeder - Rs 900 Lacs
- Hamtek Technologies Pvt Ltd - Screening Feeder & Ring Granulator - Rs 493 Lacs
- S.K. Samanta - Paddle Feeder -Rs 360 Lacs
- L&T Ltd., - Thickener -Rs 158 Lacs
- Chendayad Granites Pvt. Ltd., - Sand Plant – Rs 139 Lacs
- Essar Projects (India) Limited - Crusher Double rolled - Rs 278 Lacs
- Yash Raj Black Stone Works - Stationary & Screening Plant -Rs 240 Lacs
- Singhasani Stone Crusher - Crushing & Screening - Rs 185 Lacs
- ISGEC Heavy Engineering Limited - Crushing & Screening - Rs 239 Lacs
- Macmet India Limited - Hammer Ball - Rs 160 Lacs
- Bajrang Stones - jaw Crusher - Rs 159Lacs
- JSW Bellary - PGC 2set- Rs 500 Lacs
- Rungta Projects - 400 TPH skid plant - Rs 131 Lacs
- Victor Transport BCCL - 400 tph skid plant—1 - Rs 130 Lacs
- Super Smelters Limited - Rs 1183 lacs

#### **Major Despatches**

- Larson & Tubro - Design Engineering Supply - Rs 1260 Lacs
- Rungta Sons Pvt Ltd - Ball Mill & Rotary Scrubber - 414 Lacs
- Shri Jagannath Steel & Power Ltd - Ball Mill - Rs 390 Lacs
- TRF Limited - Rod Mill - Rs 179 Lacs
- Scorpio Engineering Pvt Ltd - Vibrating Grizzly Feeder - 157 Lacs
- BGR Energy System Ltd -Ring Granulator - Rs 128 Lacs
- Rungta Sons Pvt. Ltd., - Projects – 2296 Lakhs
- Pacific Iron Manufacturing Co. Ltd., - Thickener – 179 Lakhs



- ACB India Ltd., - Thickener & Flotation – 175 Lakhs
- Chendayad Granites Pvt. Ltd., - Sand Plant – 129 Lakhs
- Thermax Limited - Crushers , Screens , HPA , Spares - Rs 311 Lacs
- ISGEC Heavy Engineering Limited- Crushers , Screens - Rs 306 Lacs
- Macmet India Limited- Crushers, HPA Spares - Rs 281 Lacs
- Jindal Steel & Power Ltd- Crushers - Rs 247 Lacs
- Bajrang Stores - Two Stage Crusing, Hammmer Mill - Rs 159 Lacs
- Parque Cientifico Y Tecnologico De Gijon - Roll Crushers - 155 Lacs
- BLA Project - Rs 336 Lacs
- United Coal carriers - Rs 266 Lacs
- JSW Steel Ltd - Rs 170 Lacs
- A.K.Transport - Rs 143 Lacs
- Coal Mines Associated Traders. - Rs 141 Lacs
- Victor Transport Co. - Rs 130 Lacs
- Nuclear Power Corporation of India. - Rs 122 Lacs
- Super Smelters Limited - Rs 1183 lacs

#### **MBE Coal & Mineral Technology India Pvt Ltd**

##### **Major orders received**

- ACB India Ltd.- Supply of Deshaling Jig Package with Screen Discharge System
- Rungta Project - Supply of Coarse and Fine Jigs.
- Central Coalfields Ltd.- Renovation of Thickener at Swang Washery
- Mahavir Coal Resources Pvt Ltd.- Design and Engineering
- Various Customers - Supply of various Single Equipment, Spares and Service Jobs

##### **Some of the major projects / orders completed :**

- Supply of 250 TPH Batac Jigs and other Equipment for Iron Ore for Rungta Project.
- Renovation of Thickener work for Central Coalfields Ltd., Sawang washer.
- Design, Engineering & Civil work for 250 TPH Silica Removal Plant for Vedanta Ltd.
- 400 TPH Coal Washery at Hirmi in Chattisgarh for Ultratech Cement Limited has been commissioned.
- operation and maintenance of the Bina Deshaling Plant on behalf of Northern Coalfields Limited.
- Mechanical completion of the project in the Alumina segment for Vedanta Limited at Lanjigarh, Orissa in connection with design, supply, erection & commissioning for debottlenecking the Washer Package Project
- 660 TPH Coal washery with Batac Jigs for Bhushan Steel Limited (Under Execution)
- Chrome Ore Beneficiation Plant for Orissa Mining Corporation Ltd is under execution.

- Screening & Crushing system for 400 TPH Coal washery of Bhushan Power & Steel Limited is under execution.
- 200 TPH Charcoal Washing Plant for Bhushan Power & Steel Limited is under execution.
- The Company continues to do good business in supply of Centrifuge machines and in the current financial year 59 machines were supplied.

In accordance with general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. A Statement containing brief financial details of the subsidiary companies is included in the Annual Report in the Chapter containing Consolidated Financial Statements.

##### **Dividend**

In absence of profit for the current Financial year (2015-16), the Board of Directors of your Company considered it prudent not to recommend any dividend on Equity Shares for the year under review.

The Non Convertible Redeemable Preference Shares of Rs. 100/- each issued by the Company is entitled to a fixed Dividend of 11.5% per annum as per the terms of issuance of such Non Convertible Redeemable Preference Shares. Accordingly, the Board of Directors of your Company has recommended a dividend of Rs.11.50 (11.5%) per share on 975,000 Non Convertible Redeemable Preference Shares of Rs.100/- each. In absence of profit for the current year, the same will be adjusted out of the previous year's profit.

The dividend will be tax free in the hands of the Non Convertible Redeemable Preference shareholders. The register of members and share transfer books will remain closed from September 23, 2016 to September 29, 2016 (both days inclusive).

##### **Share Capital**

During the Year ended 31st March, 2016, the Equity Share Capital of the Company has increased to 5,10,93,818 shares having a face value of Rs. 10/- each. The 11.5% Non Convertible Redeemable Preference Capital of the Company remains unchanged at 975,000 having face value of Rs. 100/- each.

The proceeds of issue of the fresh equity capital of Rs. 100 crores has been utilised for the purpose it was issued for i.e to enhance the Company's net worth, improve its debt equity ratio and to meet its working capital and other requirements.

### **Scheme of Amalgamation**

On March 31, 2016, your Board of Directors have approved a draft Scheme of Amalgamation of your Company for it to amalgamate, along with its subsidiary company McNally Sayaji Engineering Limited and EMC Limited, into Kilburn Engineering Limited. The core objective of the merged entity will be to emerge as a total engineering solution provider with comprehensive Construction and Resource Management capability, which will not only improve its marketability but will also lead to multiple opportunity creation.

Each constituent of the merged entity will bring in to the common pool their list of unique clientele. Thus the common pool will be able to compile a combined list of niche customers who can now be approached with huge expanse of service range.

The scheme will facilitate debt consolidation which will improve the debt servicing abilities through improved cash flows. Superior asset backing coupled with healthier liquidity will lead to improved gearing which will be encouraging for banks and institutions.

The draft scheme of amalgamation has received approval from the Competition Commission of India and is currently awaiting approvals from other regulatory bodies.

### **Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo**

The information required pursuant to the provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014, is given as Annexure A to this report.

### **Management Discussion and Analysis Report**

In terms of Regulation 34(2)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a Management Discussion and Analysis Report is attached as Annexure B forming part of this Report.

### **Report on Corporate Governance**

In terms of requirements of Regulation 34(3) of Listing Regulations, a Report on Corporate Governance together with the Auditors' Certificate regarding compliances of conditions of Corporate Governance are attached as Annexure C forming part of this Report.

The disclosure in terms of item (iv) of sub clause(iv) of second proviso of clause (B) of Section II of Part II of Schedule V of the Companies Act 2013 has been provided in the Report on Corporate Governance attached to this Report.

### **Corporate Social Responsibility**

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has established a Corporate Social Responsibility (CSR) Committee.

A CSR Policy has been formulated and is available on the website of the Company at <http://www.mcnallybharat.com/investors/pdf/corporate-social-responsibility-policy.pdf> The policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the

guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large.

The Annual Report on CSR activities containing inter alia, the brief outline of the CSR policy, the CSR initiatives taken, the expenditure on CSR activities, as well as the composition of the CSR Committee forms a part of this Report as Annexure D.

### **Directors' Responsibility Statement**

The Board acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 for the year ended 31st March, 2016, and state that:

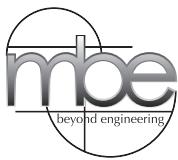
- 1) in the preparation of annual accounts, the applicable accounting standards have been followed. There are no material departures from prescribed accounting standards;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2015-16 and of profit/loss of the Company for that period;
- 3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the Directors have prepared the annual accounts on a going concern basis;
- 5) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- 6) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

### **Directors and Key Managerial Personnel**

Mr. Utsav Pasrekh, who was an Independent Director, submitted his resignation on 28th September, 2015 due to his personal and professional commitments. The Board noted his resignation with regret and recorded its appreciation for the contributions made by Mr. Parekh during his association with the Company.

Miss. Nandini Khaitan, who was an Independent Director, submitted her resignation on May 19, 2016, due to her personal and professional commitments. The Board noted her resignation with regret and recorded its appreciation for the contributions made by Miss. Khaitan during her association with the Company.

Mr. Sukanta Chattopadhyay, who was the Sr. VP – Commercial & Company Secretary, submitted his resignation on August 13, 2015, due to his personal reasons and family obligations. The Board noted his resignation with regret and recorded its appreciation for the contributions made by him during his association with the Company.



Mr. Dibakar Chatterjee was appointed as the Company Secretary of the Company by the Board of Directors on November 23, 2015.

In accordance with the provisions of the Articles of Association of the Company read with Section 152 of the Act, Mr. Aditya Khaitan and Mr. Amritanshu Khaitan will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re appointment.

In view of the expiry of the terms of appointment of Mr. P. K. Chandra and Mr. Prabir Ghosh, as whole-time directors of the Company on February 14, 2016, and June 26, 2016, respectively, the Board of Directors re-appointed Mr. P. K. Chandra and Mr. Prabir Ghosh as the whole-time directors of the Company for a period of three years commencing from February 15, 2016, and July 4, 2016, respectively. Approval of the members for the said re-appointment, along with the renumeration payable to them, will be sought in the ensuing Annual General Meeting.

During the year, the Company had three Key Managerial Personnel, being Mr. Prabir Ghosh, Whole Time Director & CFO, Mr. P.K. Chandra, Whole Time Director & COO and Mr. Dibakar Chatterjee, Company Secretary.

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

The Board met ten times during the year on May 29, 2015, June 30, 2015, August 13, 2015, September 28, 2015, October 23, 2015, November 13, 2015, November 23, 2015, February 12, 2016, March 22, 2016 and March 31, 2016. The intervening gap between any two Board Meetings was within the period prescribed by the Companies Act, 2013.

During the year under review the Company has a Familiarisation Programme for Independent Directors and the same is disclosed on the website of the Company and can be accessed at <http://www.mcnallybharat.com/investors/pdf/familiarisation-programme-for-IDs.pdf>.

### **Board Evaluation**

Pursuant to the said Evaluation Framework, the Board evaluated the performance of the Board, its Committees and the Individual Directors for the financial year 2015-16.

The Board was of the view that the performance of the Board as a whole was adequate and fulfilled the parameters stipulated in the evaluation framework in its pro growth activity and facing challenging operational and economic adversities during the year. The Board also ensured that the Committees functioned adequately and independently in terms of the requirements of the Companies Act, 2013, the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and at the same time supported as well as coordinated with the Board to help in its decision making. The individual Director's performance was also evaluated and the Board was of the view that the Directors fulfilled their applicable responsibilities and duties as laid down by the listing agreement and the Companies

Act, 2013 and at the same time contributed with their valuable knowledge, experience and expertise to grab the opportunity and counter the adverse challenges faced by the Company during the year.

### **Audit Committee**

The Audit Committee of the Board as on 31st March 2016 consisted of Mr. V.K. Verma, Mr. A.K. Barman and Mr. S.R Dasgupta. Mr. V.K Verma, a Non-Executive Independent Director, is the Chairman of the Audit Committee.

The Company has established a vigil mechanism / whistle blower policy and oversees through the Audit Committee, the genuine concerns expressed by the employees and other Directors. The Company has also made provisions for adequate safeguards against victimisation of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The vigil mechanism / whistle blower policy of the Company has been uploaded on the website of the Company and can be accessed at <http://www.mcnallybharat.com/investors/pdf/vigil-policy.pdf>.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of the Board as on 31st March 2016 is comprised of Mr. Asim. Kr. Barman, a Non Executive Independent Director as its Chairman and Mr. V.K. Verma and Mr. S.R Dasgupta, Non Executive Independent Directors as its Members.

The Company's Policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 and clause 49 of the Listing Agreement is attached to this report as Annexure E.

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

The particulars of loans, guarantee or investment made under Section 186 of the Companies Act, 2013 are furnished in the Notes to the Financial Statements for the year ended March 31, 2016.

### **Particulars of contracts or arrangements made with related parties**

Related Party Transactions entered into, during the year under review, were on arm's length basis and in the ordinary course of business for the operational and administrative benefits of the Company. There were no contracts/arrangements/transactions, with related parties which could be considered as material and which may have a potential conflict with the interest of the Company at large. Accordingly, no Contracts/arrangements/transactions are being reported in Form AOC-2.

The Company has formulated a Related Party Transaction Policy and the same is disclosed on the website of the Company and can be accessed at <http://www.mcnallybharat.com/investors/pdf/related-party-transaction-policy.pdf>.

## **Deposit**

During the financial year ended March 31, 2016, your Company has not accepted any deposits from the public.

## **Going Concern Status**

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

## **Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements**

Financial statements (i.e. Balance Sheet, Profit & Loss Statement and Cash-Flow Statement, together with notes) are prepared through the process which has automated as well as manual controls to ensure accuracy of recording all transactions which have taken place during any accounting period, and the resultant financial position at period end. All data pertaining to payroll, purchases, manufacturing, project cost and other financial activities are recorded through ERP systems operating in various sites as well as head office. All data/ transactions entered in systems are checked by various functional personnel on the basis of supporting documents & records, then the accounting entries are checked by accounts personnel, and finally those are validated by managerial personnel.

At periodic intervals, the accounting data are compiled and financial statements are prepared. While preparing the financial statements, it is ensured that all transactions pertaining to the accounting period are recorded. Fixed assets, all significant items of stores and monetary assets are physically verified. Balance confirmations are obtained for all significant items of trade receivables and advances.

After preparation of the financial statements, all items appearing in the statements are analysed in order to ensure overall reasonableness.

The Company has adopted policies and procedures including Internal Audit system for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures.

## **Annual Return**

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is attached to this Report as Annexure F.

## **Statutory Auditors**

M/s Lovelock and Lewes, Chartered Accountants (FRN: 301056E), the Statutory Auditors of the Company hold office till the conclusion of the Annual General Meeting for the year ended March 31, 2017, under the provisions of Section 139(2) of the Companies Act, 2013, subject to the ratification of the Members of the Company. Accordingly, the ratification of their appointment as the Statutory Auditors of the Company is being placed before the Members at the Annual General Meeting.

The Company has received a letter from them to the effect that their re-appointment, if made, would be within the

prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment.

## **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, 2016, was conducted by M/S A.K Labh & Co, Company Secretaries. The Secretarial Auditors' Report is attached to this Report as Annexure G and forms part of the Directors' Report. Clarifications regarding the matter of emphasis of the Report of the Secretarial Auditor are as under:

1. The requisite forms have been filed and the Company is, as on date, in compliance with the requirements of Section 203 of the Companies Act, 2013
2. The Company has approached the estate of Late Mr. Deepak Khaitan for the recovery of excess remuneration and the same is in process.
3. Due to severe cash crunch, there were some lapses in depositing the contributions towards Provident Fund and the Employee State Insurance with the prescribed authorities. However, the Company is taking best possible measures to regularize the same.
4. There were few technical issues in filing certain forms in the MCA system for which certain forms were filed belatedly. However, the Company is in compliance with such filings and the Ministry of Corporate Affairs has approved all such returns filed.
5. Miss. Nandini Khaitan served as an Independent Director in the Board of Directors of the Company during the entire financial year ended March 31, 2016. She resigned from her post on May 19, 2016, and the Company is in the process of selecting and appointing a woman director.
6. As on date, the Company has taken all the measures to be fully compliant with the requirements of the Secretarial Standards 1 and 2.
7. There was a delay in the reconciliation of bank statements with the books of accounts of the Company. The unclaimed and unpaid dividend for the financial year 2007-08 were transferred to the Investor Education and Protection Fund and the requisite information has been disclosed to the Ministry of Corporate Affairs.

## **Cost Auditor**

M/s A Bhattacharya & Associates, Cost Auditors has been appointed as Cost Auditors for conducting the audit of cost records of the Company for the Financial Year 2015-16.

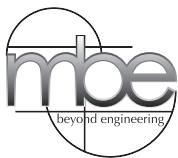
## **Statutory Auditors' Report**

The Board has duly examined the Statutory Auditors' Report to the accounts and clarifications regarding the qualified opinions of the Statutory Auditors on the Consolidated Financial Statements of the Company are as under:

## **Consolidated Financial Statement**

### **Qualification 1:**

The auditor has expressed qualified opinion with regard to the sale transaction of one investment for Euro 14 mio. In terms of the Agreement with the buyer, notarized in Germany,



the contract has been extended from time to time. The Directors firmly believe since the extension is in line with the agreement, the transaction is valid and the amount is fully recoverable.

#### **Qualification 2:**

The trade receivables of USD 803,972 are from its own subsidiary and associates. Directors feel they are fully collectible since part of the receivable has been collected (USD 120,000) during the year and the balance would also be collected in the current year 2016-17. The other receivable of USD 15,190,184 (Euro 14 mio) included in USD 19,980,800 has already been explained as fully recoverable against Qualification 1. Another receivable of USD 4.49 mio from an erstwhile subsidiary, accepted as due by the company is legally claimable as per the agreement.

#### **Risk Management Policy**

Your Company has a Risk Management Policy. The Management of your Company regularly monitors the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. The Company is taking adequate measures to mitigate various risks encountered by the Company.

#### **Insurance**

The assets of the Company including building, shed, plant & machinery, etc. are adequately insured.

#### **Occupational Health & Safety**

In line with your Company objectives, the Occupational Health & Safety (OH&S) Management System has been integrated & tuned up with the production/construction process with an eye on continual improvement. Your Company has revised the OH&S Policy in July 2013 and laid down a norm to establish the OH&S Management System, which has subsequently been certified as per BS OHSAS 18001:2007 standard in October 2013. The OH&S system and norms have been accorded international recognition and are compatible with international standards.

As a part of the OH&S Management System there are periodic audits, training and inspections to ensure health & safety compliance at all the sites. The Company has a system of 'Daily OH&S Message' for all the email users of the Company, which gives update about recent OH&S requirement. There is an intranet webpage (MBE-Bridge) for OH&S, which contains 'Procedure', 'Formats', copy of 'Certificates' and 'Training' model etc.

Since 2013 MBECL as a whole, achieved low incident records, which shows a sustainable improvement in Occupational

Health & Safety compare to other EPC firm in India. Apart from that there are many satisfied customers, who issued 'Merit Certificate' for excellent safety performance in their project sites this year (such as BPCL-Kochi Refinery, NTPC Mauda, ACC Expansion Project Jamul, WBPDC for Sagardighi Thermal Power-CHP#2 and Tata Projects –Kalinganagar etc.). This year the Company achieved National Safety Council Award for 'ACC Expansion' Project, Jamul site and in recent past the Company was awarded international recognitions like RoSPA Award etc.

#### **Particulars of Employees**

The ratio of the remuneration of each Director to the median employee's remuneration and other particulars or details of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this Report as Annexure I.

Information, pursuant to Rule 5(2) of the Company (Appointment & Remuneration of Managerial Personnel) Rules, 2014, of the top ten employees of the Company in terms of remuneration drawn and the names of every employee who were in receipt of remuneration of Rs. 1.02 Crores or more throughout the financial year and in receipt of a monthly remuneration of Rs. 8.5 Lakhs or more during part of the financial year is also disclosed in Annexure H.

#### **Cautionary Statement**

Certain statements in the Directors' Report describing the Company's operations, objectives, projections and expectations regarding future performance may constitute 'forward looking statements' with the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied, depending on the economic conditions, Government policies and other incidental factors and developments.

#### **Acknowledgement**

The Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work, active involvement and devoted services rendered. The Directors would also like to thank all the stakeholders, investors including Bankers and other business associates, who have extended their valuable support and encouragement.

This has, understandably, been critical for the Company's success. The Directors look forward to their continued support and understanding in the years to come.

For and On behalf of the Board of Directors

Kolkata, August 12, 2016

Prasanta Kumar Chandra  
Whole Time Director & COO

Prabir Ghosh  
Whole Time Director & CFO

## Annexure A to the Directors' Report

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Particulars required under the provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014

#### A. Conservation of Energy

- (i) The steps taken or impact on conservation of energy:

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 equipments like DG Sets, AC units have resulted in optimal usage of electrical parts.

- (ii) The steps taken by the company for utilising alternate sources of energy:

There is nothing substantial to report.

- (iii) The capital investment on energy conservation equipments:

There is nothing substantial to report.

#### B. Technology absorption

- (i) The efforts made towards technology absorption:

There is nothing substantial to report.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

There is nothing substantial to report.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

There is nothing substantial to report.

- (iv) The expenditure incurred on Research and Development:

There is nothing substantial to report

#### C. Foreign Exchange Earnings and Outgo

Rs. In Lakhs

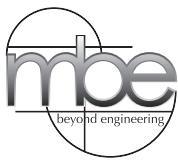
Foreign Exchange Earning	Sale of Contracts	94.05
	Corporate Guarantee Commission	10.28
	Interest Income	645.55
	Service Charges	0.00
Foreign Exchange Outgo	Travelling	16.03
	Professional and Consultation fees	623.43
	Interest Expenses	375.40
	Others	75.65

For and On behalf of the Board of Directors

Prasanta Kumar Chandra  
Whole Time Director & COO

Prabir Ghosh  
Whole Time Director & CFO

Kolkata, August 12, 2016



## Annexure B to the Directors' Report

### Management Discussion & Analysis

#### Overview

Despite global downturn and a truant monsoon, India registered a robust growth of 7.2% in 2014-15 and 7.6% in 2015-16, thus becoming the fastest major economy in the world.

The growth of the Industrial sector comprising Mining & Quarrying, Manufacturing, Electricity, Gas, Water supply & other utility services and Construction was around 7 %.

The eight core infrastructure supportive industries – coal, crude oil, natural gas, refinery products, fertilizers, steel, cement & electricity achieved moderate growth.

The present Government is taking a number of initiatives which will contribute to India retaining its position as the fastest growing major economy.

- In Infrastructure sector the focus is on 5 areas : Railway, Road, Sagarmala Project (for Ports & Coastal Development), Inland waterways, Housing for all by 2022
- Make in India. Building manufacturing infrastructure through investment & innovation
- Smart cities : Create 100 Smart Cities and rejuvenate 500 cities under AMRUT scheme
- Housing for all. India will require 110 million houses by 2022.
- Ease of doing business. Streamlining regulatory structures, liberalised FDI norms, Investor friendly measures & cutting through red tape. Introducing GST.
- Hygiene Infrastructure. Clean Ganga mission, construction of solid waste management programs and construction of toilets
- Skill India. Skilling 300 million youth by 2022
- Renewable Energy. Building capacity of 175 GW of renewable energy by 2020
- Roads & Highways. 10,000 kms of Highways to be built in 2016-17 and 50,000 kms in the next 5 years

A sector wise analysis of the areas where the company is active is given below

#### Power

The Energy sector during the past year witnessed a paradigm shift with a major thrust towards clean and renewable energy generation. The intrinsic problems in the field of renewable energy were also to a large extent reduced by the different policy announcements of the Government.

Another area which was given a fillip by the government was the area of less usage of water and also installation of Flue gas desulphurisation system in line with the Paris accord, which is now a developing business and has tremendous potential in the near future for large EPC companies.

In the last Financial Year the new investments in fossil fuel power projects was practically insignificant because of various issues including coal block allocation. No major Private Power Producers had taken any investment decision towards implementation of new power projects or capacity addition because of various problems. Due to this reason, all power equipment manufacturers had suffered because of very limited orders. The market remained volatile during the last financial year. This also led to stifling of the operating margins and created hurdles for the EPC contractors.

However the investment climate has shown signs of revival and investments are expected in the power sector from this year. With the merging of coal, power and Renewable Energy under one single ministry in the present Government, it is expected that policy and decision making will be quicker and more efficient. The Government has reset the targets of renewable energy by 2022. Capacity addition of 175,000 MW of renewable energy is envisaged by the Ministry, out of which 100,000 MW will be from solar energy. Total 17 solar parks (12,259 MW) will be set up by the year 2022. Total 112,650 KMs of Transmission lines will be added in the next four years. There will be major investments in Solar energy and Transmission and Distribution sector.

McNally is fully geared to take the full advantage of the emerging traditional power market as well as renewable sector. It is already an established brand name in power equipment manufacturing all over the world. Considering the market trend and stringent environment laws to be implemented in India, McNally has already tied up with Fieda Enviro, China for ESP manufacturing and has necessary association and tie-up with proven International system suppliers for FGD projects.

## Steel

Due to policy paralysis during last few years, one of the most affected industry was Steel. In absence of efficient Mining, Environment and Land policy, the mining of coal, Iron Ore and other minerals required for the production of Steel was affected severely, which resulted in slowing down the Metallurgical Industry including Steel. With change in Govt., infrastructure development is one of the major focus areas. The country is slated to become the second largest producer of steel by 2025 as large public and private sector players are set to strengthen steel production capacity.

The installed capacity of Steel in SAIL is expected to increase from 63 million TPA to 112 Million TPA by 2025, based on the assumption of 8% GDP growth.

Most of the additional capacity will be created in the private sector, apart from a few in the public sector. The Company's experience of execution of EPC packages including raw material handling, Sinter plant, Coke Oven By-products Recovery Plant & Coke Oven Batteries is expected to play a significant role in securing orders in this sector.

To meet the targeted steel production, Government of India is coming up with Modernization of SAIL plants, restrictions on export of Iron Ore dust / fines and has framed the policies for its captive utilization, which has given a boost to the Iron Ore Beneficiation industry in India. Domestic Iron Ore beneficiation market has very good potential with upcoming big Iron Ore beneficiation projects of SAIL, NMDC, OMC, KFC & other Private sector units. The expected projects are in Bolani, Taldih, Raoghat, Chiria, Kirandul, Bacheli, Gandhamardhan, Jalpaposhi and Khaira mines. Existing SAIL Producing Units like RSP, BSL, DSP and BSP have also embarked upon captive pelletization & sinter plant facilities, which would require beneficiated Iron ore from the captive Mines as feed to the pellet / sinter plant.

Although the Iron & Steel sector faced a slowdown in the last couple of years, we expect the prospects of MBE to improve after implementation of some of the above projects

## Coal

To become self sufficient in the field of Steel & Power production, the domestic coal quality has to improve with proper beneficiation of Coking & Non Coking coal. The recent coal block auction by Govt. of India has encouraged Govt. and Private industry like NTPC, CIL, WBPCL, CSPGCL, ADANI, JPL etc. to handover their allotted coal blocks to different MDOs for mine development and operation to deliver the sized coal for the owner's captive requirement. MDO is an emerging business opportunity where MBE can play a significant part in installing and operation of coal handling plants, conveyors & rapid loading systems. As per Coal India's Vision 2020, they plan to increase coal production to 1 Billion TPA. To meet the requirement of quality clean coal, Private Mine Owners & subsidiaries of Coal India are coming up with captive Coal Washery with both Wet & Dry beneficiation Technology as well as Coal Handling Plant. The major projects expected on EPC/ BOM basis are : Bina Kakri, Lakhapur, Kaedali, Karo, Konar, Kusmunda, Chasnala Piparwar and CESC's mines. Coal India is also reviewing their Contracting strategy for Coal Washery on BOM basis, and are expected to soften their contract terms.

## Port , Shipyard , Mining & Stockyard Machineries

The company has the reputation of bringing the latest technologies in India as long term licensee and in collaboration with the world leaders in each of the equipment segments it has entered since the late 1990s.

Today MBE boasts of a long term license agreement with M/s Konecranes, Finland to manufacture & supply a slew of Port & Shipyard cranes since 2002. With M/s Poltegor, Poland MBE has a Technology tie-up for Stacker Reclaimers and open cast mining machinery like Bucket Wheel Excavators, Spreaders, Drive Heads and Shiftable Conveyors. MBE has a collaboration with Famur - Famak, Poland for Wagon Tipplers, Side Arm Chargers, Paddle Feeders. More than 125 machines are today commissioned and working satisfactorily in steel, port, power & mining sectors all across India.

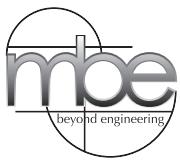
Container Handling is a growing market in Ports, Inland Container Depots (ICD) & Container Freight Stations (CFS). The Company plans to tie-up with reputed International companies for manufacturing container handling equipment like Reach Stackers, Rubber Tyred Gantry Cranes (RTGC) & Ship to Shore (STS) cranes.

The Company also envisages opportunity and would like to concentrate on Operation & Maintenance of complete port and also its technology driven products and machineries supplied to various sectors in an endeavour to generate revenues and facilitate cash flow.

Government plan for huge investment to modernize the Navy and Naval Dockyard facilities and ship repairing infrastructure can translate into business for the Electric Level Luffing cranes during the next 5 years in a phased manner.

## Metals

MBE's know how in the field of Beneficiation of almost all the base metals and commodity items like Iron & Coal, has made MBE one of the leading EPC Contractors in the field of Mineral Beneficiation. Having executed EPC projects in overseas countries like Zambia, Kenya, Oman & South Africa, MBE is now set to take a pole position in the global industrial market.



LME index of all the base metals like Aluminium, Copper, lead & Zinc are showing an upward trend and with the government initiatives in India and its continuous stride towards Infrastructure development of the country, the domestic production of all these metals are expected to make a steep rise. Also with the upward trend in the LME indices, the African continent will attract more investors and contractors for setting up new process plants across the entire copper belt.

### **Cement**

With India's domestic consumption all set to increase in the next 3 years due to the development in infrastructure and roadways, all major cement producing companies are set to go for expansion of the existing lines and also set up new split grinding units across various locations in the country. Having executed the first EPC Project in India with KHD, Germany, MBE is all set to play a major role in all these expansion projects.

### **Fertilizer & Chemicals**

Ministry of Fertilizer & Chemicals is optimistic as thrust & importance has been given to this sector in the Union budget to put more emphasis on the revival of old Fertilizer plants mainly of FCI as well to Modernize, enhance the capacity of these Urea & Ammonia based plants. MBE has diversified & ventured in the new field of Fertilizers & Chemicals.

The future of Fertilizers & Chemical projects in India is buoyant. A JV has been formed between NTPC and Coal India named as Hindustan Urbarak and Rasayan Limited(HURL) and this newly formed JV has been assigned to take up the project of renovation and enhancing the capacity of Old FCI plants and other plants which has created opportunity in this segment. MBE is working with Consultants and Clients to identify the package where MBE can play a major role as EPC Contractor in enhancing the capacity of existing plants. HRUL is responsible for the expansion & modernization of 6 – 7 plants of FCI including RCF Ramagundam."

### **Infrastructure**

GOI is taking a number of initiatives to develop the Infrastructure sector.

Hybrid annuity model has been introduced to reduce the financial burden on road developers. For stressed Highway projects, exit clause has been eased. RBI has been taking steps to reduce Banks' non performing assets.

In the Road sector, around 16,800 kms of Highways will be built during this Plan period under NHDP III to VII. Several Industrial corridors are being planned along the Highways. Under Special Accelerated Road Development Program for NE (SARDP – NE), road development projects are being taken up in 3 parts. In Phase A 4000 kms of Roads to be completed by March 2017. In Phase B, 3,700 kms of roads to be taken up. In Arunachal Pradesh package, 2300 kms of roads are planned

Indian Railways has signed contracts with GE & Alstom for establishing Diesel & electric loco factories. These will require setting up of factories & maintenance shops.

The Railways have plans to modernize & develop 400 railway stations under PPP mode.

Many projects are presently under execution / planned in the Railway sector including Railway Corridor projects, High speed train projects, MRTS, Dedicated freight lines, Railway electrification & signalling etc. where MBE has opportunities to participate in.

In Urban Infrastructure, GOI has announced to develop 100 Smart Cities. Also in June 2015 the govt announced AMRUT (Atal Mission for Rejuvenation o& Urban Transformation). Under this project basic infrastructure will be improved in 500 towns. All these projects opens up opportunities for MBE to participate.

### **Opportunities & Threats**

The Company is facing increased competition in many areas of its operations due to entry of a large number of domestic & International players. In addition, ordering for new projects had slowed down in the last 2 years due to delays in taking administrative & policy decision by the Government, tight cash flow, land acquisition issues & obtaining environmental clearances.

### **Segmentwise or Productwise Performance**

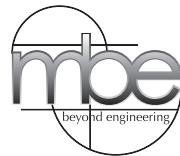
The Company is engaged in turnkey projects in infrastructure and related manufacturing activities and therefore the question of segment-wise performance does not arise.

### **Outlook**

The Company has an order backlog of around Rs. 4470 Crores and hopes to continue the past growth trend this year also.

### **Risks & Concerns**

The EPC Business as such is exposed to risks at various stages. Increase in raw material prices of steel, cement and other items, delays in payment from the Customer coupled with high interest cost of borrowings, delays at construction sites due



to unforeseen circumstances beyond control, all add to increase in project costs. Your company has got in place risk mitigation strategies to minimize the impact of such events. Moreover, with Oracle based ERP implemented across the company, your company is better equipped today to monitor all operations on real time basis, thereby taking corrective actions and reducing risk.

#### **Material Developments In Human Resources / Industrial Relations Front, Including Number Of People Employed**

Your company believes in building long-term relationships with all stakeholders, with equal emphasis on the "employee", and in ensuring "employee delight". In terms of employee care, the organization provides to and fro transport to its employees (at HO & Project Sites), meal coupons, insurance coverage including immediate family, not to mention the informal environment evident in the camaraderie shared between employees of diverse work groups and across hierarchy. All of this contributes to the creation of a happy, loyal and committed work-force.

Your Company is continuing with its organization transformation exercise with some of the key focus areas being organization restructuring and resizing for improving organizational efficiency.

The industrial relations during the year have been cordial.

#### **Internal Control Systems and Their Adequacy**

Your Company has a detailed well spelt internal control system in place to ensure that all financial, commercial and legal transactions are fully authorized, recorded and correctly reported. The Audit Committee of the Board of Directors, chaired by an experienced Independent Director, reviews the adequacy of the Internal Control System. The Company's Internal Audit Department is in charge for periodically carrying out detailed audit of the transactions of the Company at various project sites, manufacturing locations and offices in order to ensure that recording and reporting are adequate and as per the policy of the Company. The Internal Auditors periodically physically verify the Company's assets and ensure that there is no unauthorized usage. The assets are kept in proper conditions and are covered under adequate insurance.

#### **Financial Performance**

The financial year 2015-16 has been the very challenging year for the entire infrastructure sector. Lack of clarity in Government policy making continued resulting deferment and delay on all new projects in the infra sector that further curtailed the overall opportunities for all the players. This has resulted in significant fall in order booking during the financial year for all the players. Your Company is no exception and during the year the fresh order inflow was substantially lower at Rs. 1443 Cr. The company during the year faced severe working capital crunch due to nonpayment of dues by certain Private and Public sector customers and delayed execution on part of some customers. This has affected the execution and the billing in spite of high opening order book at the beginning of the financial year. The borrowing level during the year increased substantially which also created pressure on cash flow and profitability due to high interest burden. Though the top line during the year was maintained at the same level of previous year, the pressure on high interest payout and higher provision of depreciation due to change in accounting policy resulted in loss of Rs. 303.76 crores during the financial year.

To improve the performance and increase the availability of working capital, the company has taken certain measures. To recapitalise the company and restoring erosion of net worth due to losses, second round of equity issue through private placement have been made to raise further equity capital of a face value of Rs. 10.5 cr . EMC Ltd post this issue has become a joint promoter along with Williamson Magor Group. In addition, the bankers of the company have already provided project specific working capital line to complete the ongoing projects. Effective steps have been taken to complete the old and held up projects and to bring back retention money and stuck up receivables within the current financial year. The company expects unlocking of at least Rs. 200 cr on this account.

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

#### **Cautionary Statement**

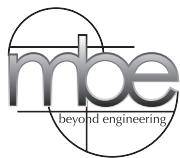
Statements in the Management Discussion and Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Market data and product information contained in this Report, have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assumed.

For and On behalf of the Board of Directors

Kolkata, August 12, 2016

Prasanta Kumar Chandra  
Whole Time Director & COO

Prabir Ghosh  
Whole Time Director & CFO



## ANNEXURE C TO THE DIRECTORS' REPORT

### Corporate Governance

Your Company's Report containing the details of the Company's policies on Corporate Governance and due compliance report on specific areas wherever applicable for the year ended March 31, 2016 are given hereunder:-

#### I Company's Philosophy:

The Company continues to commit itself to maintain the highest standards of integrity, transparency and accountability in all facets of its operations and to create Shareholders' value on a sustainable basis. The Company believes that good Corporate Governance, with transparency and independence as its key ingredients, provides a market oriented framework for the running of the Company. It can ensure a proper balance between management, board and shareholders, adequate levels of transparency, appropriate compensation schemes and the prevention of conflict of interests.

#### II Governance Structure with Defined Roles And Responsibilities:

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established various Committees to discharge its responsibilities in an effective manner. The Company Secretary of the Company acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 2013. The Chairman provides overall direction and guidance to the Board. In the operations and functioning of the Company, the Board is assisted by two Whole Time Directors and a core group of senior level executives.

The Company has also instituted a legal compliance programme, supported by a strict internal reporting system that covers the Company's various project sites as well as its subsidiaries. The purview of this system includes various statutes, such as industrial and labour laws, taxation laws, corporate and securities laws and health, safety and environment regulations.

#### III. Corporate Governance Practices:

The Company maintains the highest standards of Corporate Governance. It is the Company's constant endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies. Some of the best implemented governance norms include the following:

- All securities related filings with Stock Exchanges and Securities & Exchange Board of India (SEBI) are reviewed by the Company's Stakeholders' Relationship Committee of Directors.
- The Company has independent Board Committees for matters related to Corporate Governance and stakeholders' interface and nomination of Board members.
- The Company's internal audit is conducted by a designated and experienced team.
- The Company also undergoes quarterly secretarial audit conducted by an independent company secretary who is in whole-time practice. The annual secretarial audit report is placed before the Board and is included in the Annual Report.

#### IV. Board of Directors:

##### a. Composition of the Board:

The Board of Directors comprises nine members at the end of the financial year, consisting of Five Non-Executive Independent Directors who account for 55 percent of the Board's strength as against minimum requirement of 50 percent as per the listing agreement. The Non-executive Independent Directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance, law and public enterprises. The composition is as under:

Name of Directors	Category of Directors	No. of other Directorships held #		No. of other Board Committee(s) of which he/she		No. of shares held in the Company as at March 31, 2016
		Public	Private	Is a Member	Is a Chairperson	
Mr. Aditya Khaitan	Promoter - Non Executive Chairman	9	1	3	2	0
Mr. Virendra Kumar Verma	Independent – Non Executive	1	0	1	1	700
Mr. Utsav Parekh##	Independent – Non Executive	7	0	0	0	100
Mr. Amritanshu Khaitan	Promoter - Non Executive	10	1	0	0	8,000
Mr. Subir Ranjan Dasgupta	Independent – Non Executive	3	11	5	4	0
Mr. Asim Kumar Barman	Independent – Non Executive	1	1	1	3	0
Mr. P H Ravikumar	Independent – Non Executive	9	7	13	5	0
Miss. Nandini Khaitan###	Independent – Non Executive	10	0	0	0	0
Mr. Prasanta Kumar Chandra	Executive – Whole Time Director	1	1	2	0	1,000
Mr. Prabir Ghosh	Executive – Whole Time Director	2	0	4	0	0

# Excluding Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

## Mr. Utsav Parekh has resigned from the Board of Directors w.e.f September 28, 2015.

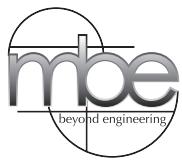
### Miss. Nandini Khaitan has resigned from the Board of Directors w.e.f May 19, 2016.

1. All independent directors have confirmed their independence to the Company.
2. The non-executive directors have no pecuniary relationship or transactions with the Company in their personal capacity.
3. Except Mr. Aditya Khaitan and Mr. Amritanshu Khaitan, who are releted, no director is related to any other Director on the Board.
4. 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. The Company has received confirmations from the Non-Executive Directors, Whole Time Directors and Senior Management Personnel regarding compliance with the Code of Conduct for the year ended March 31, 2016. A declaration to this effect signed by the Whole Time Directors is attached to this report.
6. All the directors who are on various Committees are within the permissible limits of the listing agreement & listing regulation. The Directors have intimated from time to time their membership in the various Committees in other Companies.
7. No convertible instruments are held by non-executive directors.

**b. Selection of Independent Directors:**

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

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



**c. Familiarisation programmes for Board Members:**

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

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

Name of the Directors	Sitting fees paid during the year (in Rs)
Mr. Aditya Khaitan	200000
Mr. Virendra Kumar Verma	200000
Mr. Utsav Parekh	20000
Mr. Amritanshu Khaitan	200000
Mr. Subir Ranjan Dasgupta	220000
Mr. Asim Kumar Barman	340000
Mr. P.H. Ravikumar	100000
Miss Nandini Khaitan	80000
<b>TOTAL</b>	<b>1360000</b>

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

(In Rs)

Particulars	Mr. Prasanta Kumar Chandra	Mr. Prabir Ghosh
Salary	1,03,83,900.00	1,09,47,900.00
Performance Bonus	—	—
Contribution to P. F., and Other Funds	5,67,300.00	5,67,300.00
Perquisites	14,400.00	14,400.00
Total remuneration (In Rs.)	1,09,65,600.00	1,15,29,600.00
Total remuneration (Rs-In-Lakhs)	109.66	115.30

**Notes:**

1. None of the Non-executive Directors receive any remuneration from the Company apart from the sitting fees for meetings attended by them.
2. The resolutions appointing the Whole Time Directors do not provide for payment of severance fees.

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

- (i) The members of the Board have been provided with the requisite information mentioned in the listing agreement & regulations well before the Board Meetings and the same were dealt with appropriately.
- (ii) During the year, 10 Board Meetings were held on May 29, 2015, June 30, 2015, August 13, 2015, September 28, 2015, October 23, 2015, November 13, 2015, November 23, 2015, February 12, 2016, March 22, 2016 and March 31, 2016. The Ministry of Corporate Affairs vide General Circular No. 28/2011, dated 20.05.2011, has permitted the participation of Directors in Board Meetings through electronic mode. As permitted by the aforesaid circular, some of the Directors participated through electronic mode at the aforesaid Board Meetings.

(iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2016 and of the last Annual General Meeting is as under :-

Directors	Number of Board Meetings attended	Attendance at the Last AGM
Mr. Aditya Khaitan	10	Yes
Mr. Virendra Kumar Verma	4	Yes
Mr. Utsav Parekh	—	No
Mr. Amritanshu Khaitan	10	Yes
Mr. Subir Ranjan Dasgupta	4	No
Mr. Asim Kumar Barman	8	Yes
Mr. P H Ravikumar	5	Yes
Miss Nandini Khaitan	3	Yes
Mr. Prasanta Kumar Chandra	10	Yes
Mr. Prabir Ghosh	10	Yes

**g. Code of conduct:**

The Code of Conduct of the Company as adopted by the Board of Directors is applicable to all Directors, senior management and employees of the Company. The Code is available on the Company's corporate website.

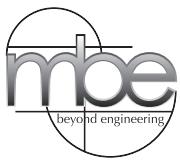
The Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

**V. Audit Committee**

The role and terms of reference of the Audit Committee includes the areas laid down in Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulation. The Audit Committee, inter alia, provides reassurance to the Board on the existence of an effective internal control environment.

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

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



10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Composition:**

The Audit Committee was constituted by the Board of Directors. Member Directors of the Audit Committee are as under:

Mr. V.K. Verma (*Chairperson*)

Mr. Asim. Kr. Barman

Mr. S.R. Dasgupta

All the members of the Audit Committee are Non-executive Independent Directors. The Committee has elected Mr. Virendra Kumar Verma as its Chairman. In the absence of Mr. Verma, Mr. S.R. Dasgupta Chairs the Meetings. All the members of Audit Committee are financially literate and Mr. V.K. Verma is having accounting and related financial management expertise.

Mr. Utsav Parekh, who was a Member of the Audit Committee, stepped down from the Board of Directors of the Company with effect from 28th September, 2015.

The Audit Committee Meetings were held on May 29, 2015, August 13, 2015, November 13, 2015, February 12, 2015 and March 31, 2016. The attendance of each Audit Committee member is as under:

Name of the Audit Committee Member	Number of meetings attended
Mr. Virendra Kumar Verma	4
Mr. Utsav Parekh*	–
Mr. Subir Ranjan Dasgupta	3
Mr. Asim Kr. Barman	4

\* Mr. Utsav Parekh stepped down from the Board of Directors of the Company with effect from 28th September, 2015.

At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors, Whole Time Director & Group CFO and Company Secretary who is acting as Secretary to the Audit Committee also attend the Audit Committee Meetings to respond to queries raised at the Committee Meetings.

**VI. Nomination and Remuneration Committee**

The name of the existing Remuneration Committee was changed to Nomination and Remuneration Committee in compliance with Section 178 (1) of the Companies Act, 2013 and Regulation 19 of the Listing Agreement.

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

- a. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.

- b. To carry out evaluation of every Director's performance
- c. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees
- d. To formulate the criteria for evaluation of Independent Directors and the Board.
- e. To recommend/review remuneration of the Executive Director(s) and Whole-time Director(s) based on their performance.
- f. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- g. To perform such other functions as may be necessary or appropriate for the performance of its duties.

**Composition:**

The composition of the Committee is as under:

Mr. Asim. Kr. Barman (*Chairman*)

Mr. V. K. Verma

Mr. S. R. Dasgupta

The Nomination & Remuneration Committee of the Company met twice during the year June 30, 2015 and November 23, 2015. The attendance of the members of the Remuneration Committee was as follows:

Name of the Audit Committee Member	Number of meetings attended
Mr. Asim Kumar Barman	2
Mr. Subir Ranjan Dasgupta	1
Mr. Utsav Parekh*	—
Mr. V. K. Verma	2

\* Mr. Utsav Parekh, who was a Member of the Nomination & Remuneration Committee, stepped down from the Board of Directors of the Company with effect from 28th September, 2015.

**Remuneration Policy:**

Remuneration of employees largely consists of basic remuneration, perquisites and performance incentives.

The component of the total remuneration varies for different grades and is governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him and his individual performance.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in the organization and reward merit.

**VII. Stakeholders Relationship Committee**

The name of the existing Investors Grievance Committee has been changed to Stakeholders Relationship Committee in compliance with Section 178(5) of the Companies Act, 2013 which requires the Chairperson of the Committee to be a non executive Director. Therefore the Committee was reconstituted as follows:

Mr. Asim Kr. Barman (*Chairman*)

Mr. P. H. Ravikumar

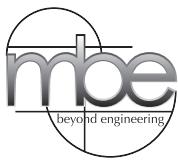
Mr. P. K. Chandra

Mr. P. K. Ghosh

The Stakeholders Relationship Committee of the Company met once during the year on November 13, 2015. The attendance of the members of the Shareholders'/Investors' Grievance Committee was as follows:

Name of the Audit Committee Member	Number of meetings attended
Mr. P H Ravikumar	—
Mr. Asim Kumar Barman	1
Mr. Prabir Ghosh	1
Mr. Prasanta Kumar Chandra	1

All Investors complaints, which cannot be settled at the level of the Registrars - Maheshwari Datamatics Private Limited and the Company Secretary and the Compliance Officer, will be forwarded to the Stakeholders Relationship Committee for final settlement.



### Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2015-16.

Nature of complaints	Pending as on April 1, 2014	Received during the year	Replied/ resolved during the year	Pending as on March 31, 2016
Non receipt of Dividend Warrants	0	0	0	0
Non receipt of Share certificates	0	0	0	0
Non receipt of Annual Reports	0	0	0	0
Total	0	0	0	0

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

The Company confirms that there were no share transfers lying pending as on March 31, 2016, and all requests for dematerialization and re-materialization of shares as on that dates were confirmed/ rejected into the NSDL / CDSL system.

### VIII. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted on May 30, 2014 by the Board under Section 135 of the Companies Act, 2013 which is as under:

Mr. Asim Kr Barman (*Chairperson*)

Mr. P. K. Chandra

Mr. P. K. Ghosh

The Committee is to formulate and recommend to the Board, a Corporate Social Responsibility Policy regarding the activities to be undertaken by the Company as specified in Schedule VII of the Act. The Committee shall also recommend the amount of expenditure to be incurred on the activities as mentioned above and monitor the Corporate Social Responsibility Policy of the Company from time to time.

During the year a meeting of the Corporate Social Responsibility Committee was held on May 29, 2015 which was attended by all the three members of the Committee.

### IX. Meeting of Independent Directors

During the year a meeting of the Independent Directors was held on July 10, 2015 which was attended by Mr. S.R. Dasgupta, Mr. U. Parekh, Miss. Nandini Khaitan and Mr. A.K. Barman. Leave of Absence was granted to Mr. P.H. Ravikumar and Mr. V.K. Verma.

### X. Extraordinary General Meeting:

An Extraordinary General Meeting of the Company was held on July 30, 2015.

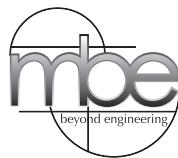
The attendance recorded for each of the Directors at the last Extra Ordinary General Meeting is as under:-

Directors	Attendance at the Last EGM
Mr. Aditya Khaitan	Yes
Mr. Virendra Kumar Verma	Yes
Mr. Utsav Parekh	No
Mr. Amritanshu Khaitan	Yes
Mr. Subir Ranjan Dasgupta	Yes
Mr. Asim Kumar Barman	Yes
Mr. P H Ravikumar	No
Miss Nandini Khaitan	No
Mr. Prasanta Kumar Chandra	Yes
Mr. Prabir Ghosh	Yes

### XI. Other Board Committees

#### a. Committee of Directors

During the year, 53 Committee of Directors Meetings were held on April 2, 2015, April 9, 2015, April 16, 2015, April 23, 2015, April 30, 2015, May 7, 2015, May 14, 2015, May 21, 2015, May 28, 2015, June 4, 2015, June 11, 2015, June 18, 2015, June 25, 2015, July 2, 2015, July 9, 2015, July 16, 2015, July 23, 2015, July 30, 2015, August 6,



2015, August 13, 2015, August 20, 2015, August 27, 2015, September 3, 2015, September 10, 2015, September 17, 2015, September 24, 2015, October 1, 2015, October 8, 2015, October 15, 2015, October 22, 2015, October 29, 2015, November 5, 2015, November 12, 2015, November 19, 2015, November 26, 2015, December 3, 2015, December 10, 2015, December 17, 2015, December 24, 2015, December 31, 2015 January 7, 2016, January 14, 2016, January 21, 2016, January 28, 2016, February 4, 2016, February 11, 2016, February 18, 2016, February 25, 2016, March 3, 2016, March 10, 2016, March 17, 2016, March 24, 2016, March 31, 2016

The attendance recorded for each of the Directors at the Committee of Directors' Meetings during the year ended on March 31, 2016 is as under:

Committee Member	Number of Committee of Directors' Meetings attended
Mr. Asim Kumar Barman	5
Mr. Prasanta Kumar Chandra	52
Mr. Prabir Ghosh	52
Mr. Subir Ranjan Dasgupta	—

Mr. A.K. Barman waived his sitting fees for the purposes of Committee Meetings.

#### **XII. Allotment Committee:**

The Board has formed an Allotment Committee consisting of the following Directors:

Mr. S.R. Dasgupta, *Chairman of the Committee*  
 Mr. Prabir Ghosh  
 Mr. Prasanta Kumar Chandra

The Allotment Committee of the Company met twice during the year on September 28, 2015 and March 31, 2016 for which Mr. S.R. Dasgupta waved the sitting fees. The attendance of the members of the Allotment Committee was as follows:

Allotment Committee Member	Number of meetings attended
Mr. S R Dasgupta	2
Mr. Prabir Ghosh	2
Mr. Prasanta Kumar Chandra	2

#### **XIII. Subsidiary Companies:**

The Company has the following subsidiaries as on 31st March, 2016:

- McNally Sayaji Engineering Limited
- McNally Bharat Equipments Limited
- McNally Bharat Infrastructure Limited
- MBE Coal & Mineral Technology India Private Limited
- MBE Mineral Technologies Pte Limited, Singapore
- MBE Minerals Zambia Limited
- McNally Bharat Engineering (SA) Proprietary Limited

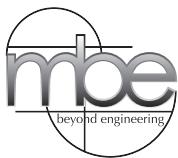
MBE Minerals Technologies Pte. Limited, Singapore has the following subsidiary:

- MBE EWB Technologies Kft, Hungary.

#### **XIV. Disclosures**

- Disclosures on Materially Significant Related Party Transactions having Potential Conflict: NIL
- Compliance of Laws & Regulations relating to Capital Markets:

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.



- c. Whistle Blower Policy/ Vigil Mechanism:  
The Company has formulated a Whistle Blower Policy/ Vigil Mechanism and established a Vigil Mechanism for Directors and Employees and same has been disclosed in the Company's website at <http://www.mcnallybharat.com/investors/pdf/vigil-policy.pdf>. The Management affirms that no personnel have been denied access to the Audit Committee.
- d. Compliance with Mandatory requirements and adoption of Non-mandatory requirements:  
All the mandatory requirements of Clause 49 of the Listing Agreement as applicable till 30th November, 2015 and Listing Regulations from 1st December 2015 onwards have been appropriately complied with and the compliance of the non-mandatory requirements are given below. The Company has executed a fresh Agreement with BSE and NSE as required under the newly enacted Listing Regulations.
- e. Related Party Transactions:  
The Company has adopted a policy on dealing with Related Party Transactions and the same is disclosed at the website of the Company.  
There was no material related party transaction for the year ended 31st March, 2016 which were not on arm's length basis.
- f. Disclosure of Accounting Treatment:  
All related party transactions have been entered into in the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties which were not in the normal course of business required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on an arm's length basis.
- g. Risk Management Policy:  
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.
- h. The Senior 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.
- i. The Company has adopted a policy on remuneration for Directors, Key Managerial personnel and other employees and has laid down evaluation criteria for Independent Directors. Both the above policies are available in Annexure E of the Annual Report. The policy on Independent Director's familiarization and continuing education program is available at the Company's Website.
- j. Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – Nil.
- k. None of the non-executive director has any pecuniary relationship or transactions with the company.
- l. All the mandatory requirements have been appropriately complied with.
- m. All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.
- n. Management Discussion and Analysis forms part of the Annual Report to the shareholders.

#### **XV. Compliance with of Non-Mandatory Requirements**

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:

- i. The Board:  
No separate office is maintained for Non-Executive Chairman and therefore during the year under review, no expenses were incurred in connection therewith.
- ii. Shareholder Rights:  
Half-yearly declaration of financial performance including summary of the significant events in last six months are presently not being sent to the Shareholders of the Company.
- iii. Reporting of Internal Auditors:  
The Reports of Internal Auditors are placed before the Audit Committee on a quarterly basis.

#### **XVI.Compliance Certificate**

Compliance Certificate for Corporate Governance from Auditors of the Company is given as Annexure to this report.

## XVII. General Body Meetings

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

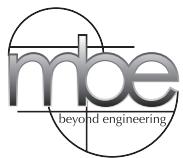
### Annual General Meeting:

AGM	Day	Date	Time	Venue
50th	Friday	September 27 2013	11.00 a.m	Eastern Zonal Cultural Centre, Purbashree IB- 201, Sector – 3, Salt Lake City, Kolkata – 700106
51st	Wednesday	July 30 2014	11.00 a.m	Eastern Zonal Cultural Centre, Purbashree IB- 201, Sector – 3, Salt Lake City, Kolkata – 700106
52nd	Monday	September 28 2015	2.30 pm	Williamson Magor Hall, The Palladian Lounge The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata 700 001

### Details of Special Resolutions adopted in the previous 3 AGMs:

The following special resolutions were adopted in the Annual General Meeting of the Company during the past 3 financial years and e voting facilities were made available to the shareholders:

Particulars of Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Creation of Mortgage or Charge under Section 180 (1) (c)	July 30 2014	1,17,42,320 100% of the valid votes casted	Nil, 0.00% of the valid votes casted
Increasing the borrowing limit under section 180 (1) (c)	July 30 2014	1,17,42,120 100% of the valid votes casted	200, 0.00% of the valid votes casted
Increasing the limits of loan & investments under section 186	July 30 2014	1,17,42,319 100% of the valid votes casted	1, 0.00% of the valid votes casted
Increasing the authorized share Capital of the Company	July 30 2014	1,17,42,320 100% of the valid votes casted	Nil, 0.00% of the valid votes casted
Change in Capital Clause of Articles of association	July 30 2014	1,17,42,320 100% of the valid votes casted	Nil, 0.00% of the valid votes casted
Further Issue of Shares	July 30 2014	1,17,42,310 100% of the valid votes casted	10 0.00% of the valid votes casted
To appoint Miss. Nandini Khaitan as an Independent Director of the Company.	September 28 2015	14868339 100% of the valid votes casted	385 0.00% of the valid votes casted
To issue, offer and allot equity shares/fully convertible debentures/ partly convertible debentures/non-convertible debentures with warrants/any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment to the Qualified Institutional Buyers ('QIBs') on private placement basis for a sum not exceeding Rs. 200 Crores	September 28 2015	13539150 100% of the valid votes casted	185 0.00% of the valid votes casted
To waive recovery of excess remuneration amounting to Rs. 2,16,16,007.87 paid to Late Deepak Khaitan as the Executive Chairman of the Company during the Financial Year ended 31st March, 2015, over and above the limit prescribed under the provisions of Section 197 of the Companies Act, 2013.	September 28 2015	134889509 0.72% of the valid votes casted	1379774 9.28% of the valid votes casted



Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process.

The following Resolutions were adopted at the Extraordinary General Meeting of the Company during the past 3 financial years and e voting facilities were made available to the shareholders:

<b>Particulars of Resolution</b>	<b>Resolution adopted on</b>	<b>No. of shares and % of Votes in Favour</b>	<b>No. of shares and % of Votes against</b>
Issue of 75,00,000 equity shares on Preferential Basis to Person/ entities not forming part of Promoter/ Promoter Group	February 28 2015	1,35,64,168 100% of the valid votes casted	300 0.00% of the valid votes casted
Issue of 20,00,000 equity shares on Preferential Basis to Williamson Magor & Company Limited, an entity forming part of Promoter/ Promoter Group	February 28 2015	1,13,82,769 100% of the valid votes casted	300 0.00% of the valid votes casted
Issue of 30,00,000 warrants on Preferential Basis to Williamson Magor & Company Limited, an entity forming part of Promoter/ Promoter Group	February 28 2015	99,09,427 87.05% of the valid votes casted	14,73,642 12.95% of the valid votes casted
Issue of upto 10,00,000 Equity Shares of the face value of Rs. 10/- each at a price of Rs. 100/- per Equity Share on Preferential Basis	July 30 2015	15034661 100% of the valid votes casted	173 0.00% of the valid votes casted
Alteration of Articles of Association of the Company	July 30 2015	15034661 100% of the valid votes casted	173 0.00% of the valid votes casted
Approval of remuneration of Mr. Deepak Khaitan, Executive Chairman, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule V to the Companies Act, 2013, and subject to the approval of the Central Government wherever required	July 30 2015	13701219 91.13% of the valid votes casted	1333615 8.87% of the valid votes casted
Approval of remuneration of Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule V to the Companies Act, 2013, and subject to the approval of the Central Government wherever required	July 30 2015	13701219 91.13% of the valid votes casted	1333615 8.87% of the valid votes casted
Approval of remuneration of Mr. Prabir Kumar Ghosh as the Whole Time Director and Group Chief Financial Officer, incase of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule V to the Companies Act, 2013, and subject to the approval of the Central Government wherever required	July 30 2015	13701219 91.13% of the valid votes casted	1333615 8.87% of the valid votes casted

Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process.

The following Resolutions were passed by Postal Ballot during the past 3 financial years as per the procedures prescribed in The Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The Results of Postal Ballot were as under:

Particulars of Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Approval for payment of remuneration to Mr. Deepak Khaitan as the Executive Chairman of the Company during the tenure April 1, 2013 – August 11, 2016	December 27 2013	1,18,04,319 99.253% of the valid votes casted	88,802 0.747% of the valid votes casted
Approval for payment of remuneration to Mr. Prasanta Kumar Chandra as the Whole Time Director & COO of the Company during the tenure April 1, 2013 – February 13, 2016	December 27 2013	1,17,80,801 99.255% of the valid votes casted	88,422 0.745% of the valid votes casted
Approval for payment of remuneration to Mr. Prabir Kumar Ghosh as the Whole Time Director & Group CFO of the Company during the tenure April 1, 2013 – June 26, 2016	December 27 2013	1,17,80,701 99.255% of the valid votes casted	88,462 0.745% of the valid votes casted
Increase in authorized share capital & alterations in Memorandum of Association of the Company	January 19 2013	92,56,654 99.97% of the valid votes casted	2,424 0.03% of the valid votes casted
Alteration in Articles of Associations of the Company	January 19 2013	92,57,711 99.98% of the valid votes casted	2,009 0.02% of the valid votes casted
Issue of Non Convertible Redeemable Preference Shares of Rs. 100/- each of an aggregate nominal amount not exceeding Rs. 120 Crores	January 19 2013	92,55,533 99.97% of the valid votes casted	2,887 0.03% of the valid votes casted

As per the provisions of the Act and Listing Agreement with the Stock Exchanges the shareholders were given option to vote on all resolutions through electronic means and by means of ballot. Ajay Kumar Chandak, a Practicing Chartered Accountant was appointed scrutinizer to scrutinize the e-voting process.

a. Person who conducted the Postal Ballot exercise

Mr. Atul Kumar Labh, a Practicing Company Secretary, appointed as the scrutinizer conducted the Postal Ballot voting process, result of which was declared on December 27, 2013.

Mr. Ajay Kumar Chandak, a Practicing Chartered Accountant, appointed as the scrutinizer conducted the Postal Ballot voting process, result of which was declared on January 19, 2013.

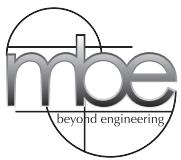
b. Procedure for Postal Ballot

The procedures as prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, were followed for passing the special resolutions by Postal Ballot.

**XVIII. Means of Communication:**

**Quarterly results:**

- |   |  |
|---|--|
| (i) Which newspapers normally published in  | Financial Express ( All India Edition) Dainik Statesman (Bengali), Kolkata   |
| (ii) Any web site, where displayed  | <a href="http://www.mcnallybharat.com">www.mcnallybharat.com</a>   |
| (iii) Whether it also displays official news releases and presentations made to institutional investors/ analysts | General information on the Company, official news releases and presentations to analysts and institutional investors are also posted on the Company's website. |



## XIX. General Shareholder Information

### a. Annual General meeting to be held:

Day, Date, time and venue:

Day : Thursday  
Date : September 29, 2016  
Time : 11.00 am  
Venue : Williamson Magor Hall, The Palladian Lounge  
The Bengal Chamber of Commerce & Industry  
6, Netaji Subhas Road, Kolkata 700 001

### b. Financial Year

: 1st April to 31st March

### c. Period of Book Closure

: September 23rd 2016 to September 29th 2016 (both days inclusive)

### d. Listing on Stock Exchanges:

The Equity shares of the Company are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 and National Stock Exchange of India Ltd, 'Exchange Plaza', C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400051 and listing fees have been paid for the year 2015-2016.

#### Stock Codes:

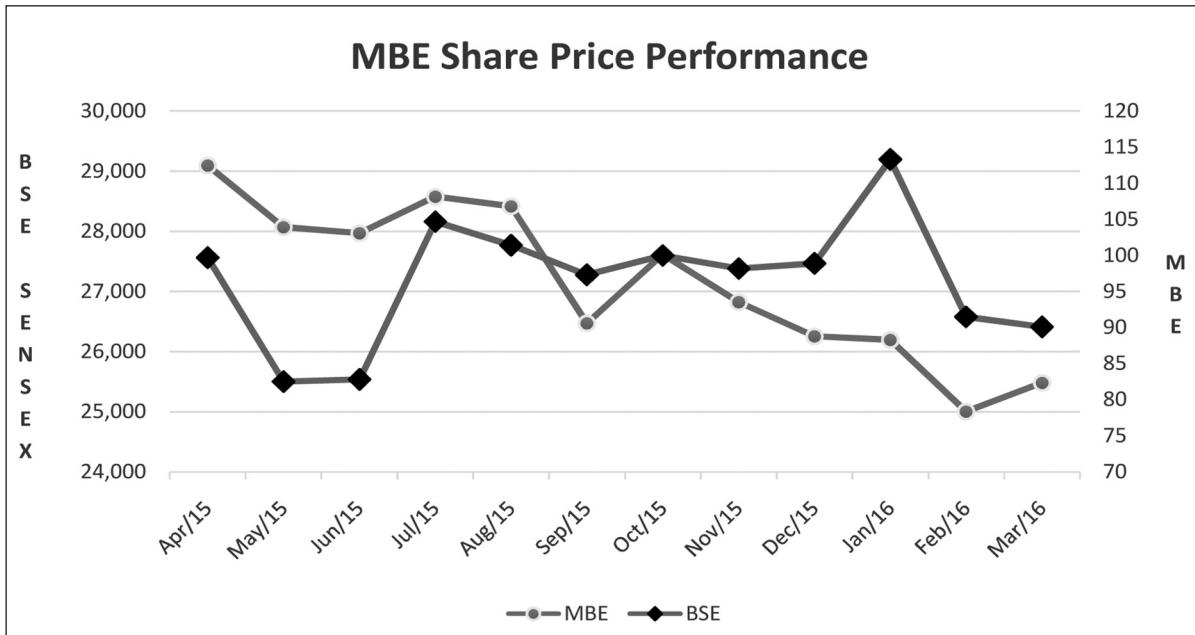
Bombay Stock Exchange	532629
National Stock Exchange	MBECL
Reuters Code	MCNL.BO
Bloomberg Code	MCNA:IN
International Securities Identification Number (ISIN) for the Company's shares in dematerialized form	INE 748A01016

### e. Market Price Data:

The details of the monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange and the National Stock Exchange during the financial year 2015-16 are as under:

Month	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-15	99.7	77	99.45	77
May-15	82.5	73.25	82.6	72.3
Jun-15	82.8	64.55	82.8	64.55
Jul-15	104.7	90.35	104.9	90.55
Aug-15	101.4	91.05	101.5	91.1
Sep-15	97.3	92	97.25	92.75
Oct-15	100	95.3	100	95.2
Nov-15	98.2	94.5	98.25	93.15
Dec-15	98.9	94.7	99.5	94.55
Jan-16	113.3	83.6	113.4	83.75
Feb-16	91.5	61	91	61.2
Mar-16	90.1	63.95	88.55	62.85

#### Share Price Performance in comparison to broad based indices – BSE Sensex:



#### f. Share Transfer Agents:

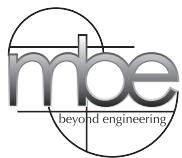
The Company has engaged the services of Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata 700001, a SEBI registered Registrar, as their Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities, etc. Since trading in Company's shares can now be done only in the dematerialized form, request for Demat and Remat should be sent directly to Maheshwari Datamatics Private Limited, 6 Mangoe Lane, 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:

As already stated, the Company's shares are traded in the Stock Exchanges compulsorily in Demat mode. Therefore, Investors/Shareholders are requested to kindly note that physical documents, viz. Demat Request Form (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the DP's to send the DRF and the Share Certificates beyond 7 days from the date of generation of the DRF by the DP will be rejected/cancelled. This is being done to ensure that no Demat requests remain pending with the Share Transfer Agents beyond a period of 15 days. Investors/Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to Share Transfer Agents after generating the DRF.

#### h. Distribution of Shareholding as on 31st March, 2016:

No. of Shares	No. of holders	% of total holders	No. of shares	% of total shares
Upto 500	13635	86.5055	1757568	3.4399
501 to 1000	1055	6.6933	887152	1.7363
1001 to 2000	513	3.2547	805461	1.5764
2001 to 3000	182	1.1547	469000	0.9179
3001 to 4000	64	0.4060	232826	0.4557
4001 to 5000	76	0.4822	361494	0.7075
5001 to 10000	104	0.6598	762753	1.4928
Above 10000	133	0.8438	45817564	89.6734
<b>Grand Total</b>	<b>15762</b>	<b>100.0000</b>	<b>51093818</b>	<b>100.0000</b>



**i. Pattern of Shareholding as on 31st March, 2016:**

Category	No. of Holders	No. of Shares
1 Promoter & Promoter Group		
	3	32021
	9	36113121
	0	0
	0	0
2 Mutual Funds	1	6976
3 Financial Institutions/Banks	3	19230
4 Insurance Companies	3	263413
5 Foreign Institutional Investors	5	233087
6 Domestic Companies	371	2791323
7 Foreign Companies	0	0
8 Resident Individual	14977	10918368
9 Non Resident Individual	252	544633
10 Clearing Member	134	171646
<b>Total</b>	<b>15758</b>	<b>51093818</b>

**j. Convertible Instruments:**

The Company allotted the following warrants of Rs. 100/- convertible into 1 equity share each (convertible within 18 months) to Williamson Magor & Company Limited on March 13, 2015 :

Date of Allotment	Category of Warrant holder	No. of Warrants held	As a Percentage of Total No. of Warrants	As a Percentage of Total No. of Shares of the Company assuming full conversion of warrants
13.03.2015	Promoter	25,00,000*	100%	6.88%

\*on March 31, 2016 Williamson Magor & Company Limited exercised their rights and converted 5,00,000 warrants out of 30,00,000 convertible warrants allotted to them on March 13, 2015 into 5,00,000 equity shares.

**k. Dematerialization of Shares:**

As on March 31, 2016, 50176174 Shares of the Company's total shares representing 98.20% shares were held in dematerialized form and the balance 1.80% representing 917644 shares were in paper form.

**l. Address of Correspondence:**

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

Shareholders' correspondence should be addressed to:

**McNally Bharat Engineering Company Limited**, Share Department

4, Mangoe Lane, Kolkata – 700 001

Compliance Officer : Phone Nos: 66281122, Fax : 66282277, E-mail: mbecal@mbecl.co.in

**Maheshwari Datamatics Private Limited**

6 Mangoe Lane, 2nd Floor, Kolkata - 700 001

Contact person : Mr. S. Rajagopalan, Vice President, Phone Nos: 2243-5029/ 5809, Fax : 2248-4787

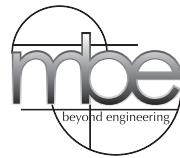
E-mail: mdpldc@yahoo.com

For and On behalf of the Board of Directors

Kolkata, August 12, 2016

Prasanta Kumar Chandra  
Whole Time Director & COO

Prabir Ghosh  
Whole Time Director & CFO



## **Declaration Regarding Compliance by the Board Members and Senior Management Personnel with the Company's Codes of Conduct**

This is to confirm that the Company has adopted two separate Codes of Conduct to be followed by the Members of the Board and Senior Management Personnel of the Company respectively. Both these codes are available on the Company's website

We hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2016.

For McNally Bharat Engineering Company Limited

Kolkata, April 1, 2016

Prasanta Kumar Chandra  
*Whole Time Director & COO*

Prabir Ghosh  
*Whole Time Director & Group CFO*

## **Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To the Members of McNally Bharat Engineering Company Limited

We have examined the compliance of conditions of Corporate Governance by McNally Bharat Engineering Company Limited for the year ended 31st March, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

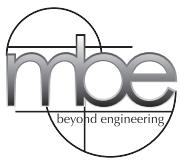
The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

Kolkata, August 13, 2016

For Lovelock & Lewes  
Firm Registration No. 301056E  
*Chartered Accountants*  
Prabal Kr. Sarkar  
*Partner*  
Membership No: 52340



## Annexure D to the Directors' Report

### Report on Corporate Social Responsibility Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Company views to make things better for the communities it operates in by enabling people to develop and improve their capabilities, taking measures to improve efficient use of available resources and taking initiatives for a greener environment. With this view, your Company has developed a policy for developing, implementing and monitoring its Corporate Social Responsibility ("CSR") initiatives.

Your Company has also adopted the measures specified in the provisions of Section 135 of the Companies Act, 2013, and therefore, has developed its CSR policy in line with its provisions. Accordingly, your Company also supports the activities specified in Schedule VII of the Companies Act, 2013. A separate CSR Committee has been formed, consisting of the Directors of your Company, under the said provisions.

The CSR committee earmarks the amounts to be spent for CSR activities based on the performance of your Company and the CSR activities to be undertaken. The Committee monitors the utilization of the budget and the implementation of CSR activities. The Committee also has the powers to cause unit heads to provide its feedback on such implementation and engage independent persons to monitor CSR activities.

Your Company actively undertakes activities wherein it utilizes its expertise and the involvement of its employees to take various initiatives to make contributions to the society.

2. The Composition of the Corporate Social Responsibility Committee (CSR Committee):

The CSR Committee of the Company consists of the following Members:

Mr. Asim Kr Barman (Chairperson)

Mr. P.K.Chandra

Mr. P.K.Ghosh

3. Average net profit of the Company for last three financial years: (Rs. 16349 Lacs) (Net Loss)

4. Prescribed CSR Expenditure (2% of the average net profit above): None, due to average net loss incurred.

5. Details of CSR Amount Spent During the Financial Year:

- a. Total amount to be spent for the financial year:

None, due to average net loss incurred

- b. Amount unspent and reasons for the same, if any;

None, due to average net loss incurred

- c. Manner in which the amount spent during the financial year :

None, due to average net loss incurred. Therefore, no detailed statement in this regard under Section 135 of the Companies Act, 2013 is being reported.

For and On behalf of the Board of Directors

Kolkata, August 12, 2016

Prasanta Kumar Chandra  
*Whole Time Director & COO*

Prabir Ghosh  
*Whole Time Director & CFO*

## Annexure E To The Directors' Report

### REMUNERATION POLICY

#### 1. Preamble

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

The Nomination and Remuneration Committee set up, pursuant to above Section is to formulate the criteria for determining qualifications and positive attributes and independence of a Director and recommend to the Board the above Policy for adoption. Clause 49 of the Listing Agreement also contains a similar provision. Additionally it requires, a Policy on Board diversity. The Company is also required to disclose the Remuneration Policy in its Annual Report.

#### 2. Policy

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

#### 3. Policy Objectives

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

- a. The Remuneration Policy aims to enable the company to attract, retain and motivate appropriately qualified Persons/Members for the Board and Executive level.
- b. The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account Shareholder interests, industry standards and relevant Indian corporate regulations.
- c. The Remuneration Policy seeks to ensure that the interests of the Board Members and Executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the Company and will be consistent with the "pay-for-performance" principle.
- d. The Remuneration Policy will ensure that the remuneration to Directors and Executives involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

#### 4. Principles of Remuneration

##### I. Transparency:

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

##### II. Performance Driven Remuneration:

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

##### III. Affordability and Sustainability:

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

##### IV. Flexibility:

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

##### V. Internal Equity:

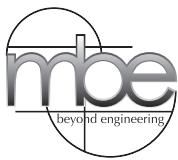
The Company shall strive to remunerate the Board Members and other Executives in terms of their roles and responsibilities undertaken within the Organisation. Their contribution and value addition for the growth of the Company shall be counted while fixing their remuneration and subsequent promotion.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

##### VI. External Equity:

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

##### VII. Non-Monetary Benefits:

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



## **5. Remuneration for Directors in Wholetime Employment**

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

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

a) Basic Salary:

The basic salary shall be fixed within a salary grade.

b) Bonus:

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

c) Reimbursement:

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

d) Variable Pay and Other Benefits:

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

e) Sitting Fees:

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

## **6. Remuneration of Non-Executive Directors**

I. Sitting Fees:

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

II. Commission:

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

## **7. Remuneration of Key Managerial Personnel and Other Executives**

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

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

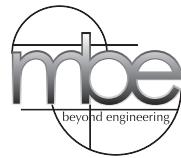
## **8. Role of Nomination & Remuneration Committee**

The role and responsibilities of the Nomination and Remuneration Committee shall be as prescribed in Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

## **9. Selection Of Board Members**

i. Nomination of a suitable person for appointment as a Director is a major responsibility of the Nomination and Remuneration Committee. The objective is to ensure that the Company's Board is competent at all points of time to be able to take decisions commensurate with the size and scale of operations and complexities of business. The Committee is to promptly identify candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board, after due consideration decides on the selection of the right candidate for appointment.

ii. While considering nomination of candidates for appointment on the Board, the Nomination and Remuneration Committee will consider candidates not only from the field in which the Company operates but also from other professional areas like management, finance, accountancy, law, banking, merchant banking etc., with the objective of maintenance of Board diversity. The Committee shall also consider the following qualifications like possessing



basic academic qualification, requisite knowledge, experience and business skills that will benefit the Company and its business operations.

- iii. At the time of considering the candidates for appointment as Director the criteria for determining positive attributes shall inter alia include the following :-Achiever, constructive, creative, decisive, deliberative, devoted, diligent, disciplined, dynamic, enterprising, focused, result oriented, self confident, sees the whole picture.
- iv. While considering candidates for appointment as an Independent Director, the Nomination and Remuneration Committee shall consider the criteria for determining independence of a candidate as provided in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder as also in Clause 49 of the Listing Agreement

#### **10. Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board, removal of a Director, Key Managerial Personnel or other executives subject to the provisions and compliance of the said Act, rules and regulations.

#### **11. Retirement**

The Director, Key Managerial Personnel or other executives shall retire as per the applicable provisions of the Act and the prevailing policy of MBECL. The Board will have the discretion to retain the Director, Key Managerial Personnel or other executives in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of MBECL.

#### **12. Approval and Disclosure**

This Policy shall formally be implemented from the date on which they are adopted pursuant to a resolution of the Board of Directors.

This policy shall be accordingly disclosed as part of the Board's Report.

#### **13. Amendment**

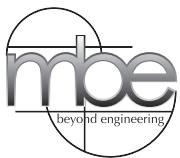
The right to interpret /amend/modify this Policy vests in the Board of Directors of the Company.

For and On behalf of the Board of Directors

Kolkata, August 12, 2016

Prasanta Kumar Chandra  
*Whole Time Director & COO*

Prabir Ghosh  
*Whole Time Director & CFO*



## Annexure F to the Directors' Report

### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

#### I. REGISTRATION & OTHER DETAILS:

1	CIN	:	L45202WB1961PLC025181
2	Registration Date	:	July 10, 1961
3	Name of the Company	:	<b>McNally Bharat Engineering Company Limited</b>
4	Category/Sub-category of the Company	:	Public Limited Company Private Sector
5	Address of the Registered office & contact details	:	4 Mangoe Lane, Kolkata - 700001, Ph: 033 - 22138905 W: <a href="http://www.mcnallybharat.com/">http://www.mcnallybharat.com/</a> , E: <a href="mailto:mbecal@mbcal.co.in">mbecal@mbcal.co.in</a>
6	Whether listed company	:	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	:	<b>Maheshwari Datamatics Private Limited</b> 6 Mangoe Lane, 2nd Floor, Kolkata - 700001 Ph: 033 - 22435029

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Construction and maintenance of power plants	42201	36.5
2	Construction and maintenance of industrial facilities	42901	14.7

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	McNally Sayaji Engineering Company Limited	L28999WB1943PLC133247	Subsidiary	74.86	2(87)
2	MBE Mineral Technologies Pte Limited	Foreign Company	Subsidiary	100	2(87)
3	McNally Bharat Equipments Limited	U27106WB2008PLC123789	Subsidiary	99.4	2(87)
4	McNally Bharat Infrastructure Limited	U45400WB2008PLC123453	Subsidiary	99.4	2(87)
5	MBE Minerals Zambia Limited	Foreign Company	Subsidiary	99.99	2(87)
7	McNally Bharat Engineering (SA) Proprietary Ltd.	Foreign Company	Subsidiary	100	2(87)

#### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	32,021	-	32,021	0.08%	32,021	-	32,021	0.06%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	10,037,743	2,000,000	12,037,743	29.65%	35,609,603	503,518	36,113,121	70.68%	200.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	10,069,764	2,000,000	12,069,764	29.73%	35,641,624	503,518	36,145,142	70.74%	199.47%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	10,069,764	2,000,000	12,069,764	29.73%	35,641,624	503,518	36,145,142	70.74%	199.47%
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	2,930,459	6,976	2,937,435	7.24%	-	6,976	6,976	0.01%	-99.76%
b) Banks / FI	18,770	-	18,770	0.05%	19,230	-	19,230	0.04%	2.45%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	527,709	600	528,309	1.30%	262,813	600	263,413	0.52%	-50.14%
g) FIIs	107,487	-	107,487	0.26%	251	-	251	0.00%	-99.77%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	232,236	-	232,236	0.45%	0.00%
Sub-total (B)(1):-	3,584,425	7,576	3,592,001	8.85%	514,530	7,576	522,106	1.02%	-85.46%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	5,865,184	5,240,990	11,106,174	27.36%	2,415,255	240,990	2,656,245	5.20%	-76.08%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual share-holders holding nominal share capital upto Rs. 1 lakh	5,273,897	174,660	5,448,557	13.42%	4,414,279	164,850	4,579,129	8.96%	-15.96%
ii) Individual share-holders holding nominal share capital in excess of Rs 1 lakh	5,148,060	2,500,000	7,648,060	18.84%	6,339,239	-	6,339,239	12.41%	-17.11%
c) Others (specify)									
Non Resident Indians	675,520	710	676,230	1.67%	543,923	710	544,633	1.07%	-19.46%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	600	-	600	0.00%	0.00%
Clearing Members	53,032	-	53,032	0.13%	171,646	-	171,646	0.34%	223.66%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
NBFCs registered with RBI	-	-	-	0.00%	135,078	-	135,078	0.26%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):	17,015,693	7,916,360	24,932,053	61.42%	14,020,020	406,550	14,426,570	28.24%	-42.14%
Total Public (B)	20,600,118	7,923,936	28,524,054	70.27%	14,534,550	414,126	14,948,676	29.26%	-47.59%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	30,669,882	9,923,936	40,593,818	100.00%	50,176,174	917,644	51,093,818	100.00%	25.87%

**(ii) Shareholding of Promoter**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	B M Khaitan	21	0.00%	0	21	0.00%	0	0.00%
2	Amritanshu Khaitan	8,000	0.02%	0	8,000	0.02%	0	0.00%
3	Isha Khaitan	24,000	0.06%	0	24,000	0.05%	0	0.00%
4	EMC Limited	-	0.00%	0	14,287,689	27.96%	0	100.00%
5	Mcleod Russel India Limited	3,052,295	7.52%	7.52	3,052,295	5.97%	7.52	0.00%
6	Williamson Magor & Co Limited	5,179,748	12.76%	0	9,967,437	19.51%	0	92.43%
7	Babcock Borsig Limited	1,301,000	3.20%	3.2	1,301,000	2.55%	3.2	0.00%
8	Williamson Financial Services Limited	1,551,000	3.82%	3.82	1,551,000	3.04%	3.82	0.00%
9	Kilburn Engineering Limited	854,300	2.10%	0.01	854,300	1.67%	0.01	0.00%
10	MKN Investment Private Limited	-	0.00%	0	5,000,000	9.79%		100.00%
11	Bishnauth Investments Limited	99,400	0.24%	0.24	99,400	0.19%	0.24	0.00%

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

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	B M Khaitan						
	At the beginning of the year	April 1, 2015		21	0.00%	21	0.00%
	Changes during the year			-	0.00%	-	0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2016		21	0.00%	21	0.00%
2	Amritanshu Khaitan						
	At the beginning of the year	April 1, 2015		8,000	0.02%	8,000	0.02%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2016		8,000	0.02%	8,000	0.02%
3	Isha Khaitan						
	At the beginning of the year		April 1, 2015	24,000	0.06%	-	0.00%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2016		24,000	0.06%	24,000	0.05%
4	Mcleod Russel India Limited						
	At the beginning of the year		April 1, 2015	3,052,295	7.52%	3,052,295	5.97%
	Changes during the year			-	0.00%	-	0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2016		3,052,295	7.52%	3,052,295	5.97%
6	EMC Limited						
	At the beginning of the year	April 1, 2015		-	0.00%		0.00%
	Changes during the year	Dec. 18, 2015	Transfer	10,000,000	24.63%	10,000,000	19.57%
		Jan. 29, 2016	Transfer	8,571,860	21.12%	18,571,860	
		Feb. 26, 2016	Transfer	(4,284,171)	-10.55%	14,287,689	27.96%
	At the end of the year	Mar. 31, 2016		14,287,689	35.20%	14,287,689	27.96%

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
7	MKN Investment Private Limited						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	May 1, 2015	Transfer	5,000,000	12.32%	5,000,000	9.79%
	At the end of the year	March 31, 2016		5,000,000	12.32%	5,000,000	9.79%
8	Williamson Magor & Co Limited						
	At the beginning of the year	April 1, 2015		5,179,748	12.76%	5,179,748	10.14%
	Changes during the year	April 3, 2015	Transfer	(2,000,000)	-4.93%	3,179,748	6.22%
		May 1, 2015	Transfer	2,000,000	4.93%	5,179,748	
		Feb. 26, 2016	Transfer	4,287,689	10.56%	9,467,437	18.53%
		March 31, 2016	Transfer	500,000	1.23%	9,967,437	19.51%
9	At the end of the year	March 31, 2016		9,967,437	24.55%	9,967,437	19.51%
	Babcock Borsig Limited						
	At the beginning of the year	April 1, 2015		1,301,000	3.20%	1,301,000	2.55%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
10	At the end of the year	March 31, 2016		1,301,000	3.20%	1,301,000	2.55%
	Williamson Financial Services Limited						
	At the beginning of the year	April 1, 2015		1,551,000	3.82%	1,551,000	3.04%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
11	At the end of the year	March 31, 2016		1,551,000	3.82%	1,551,000	3.04%
	Kilburn Engineering Limited						
	At the beginning of the year	April 1, 2015		854,300	2.10%	854,300	1.67%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
12	At the end of the year	March 31, 2016		854,300	2.10%	854,300	1.67%
	Bishnauth Investments Limited						
	At the beginning of the year	April 1, 2015		99,400	0.24%	99,400	0.19%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
					0.00%		0.00%
	At the end of the year	March 31, 2016		99,400	0.24%	99,400	0.19%

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

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

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Systematix Fincorp India Limited#						
	At the beginning of the year	April 1, 2015		225,200	0.55%	225,200	0.44%
	Changes during the year	June 26, 2015	Transfer	43,000	0.11%	268,200	0.52%
		July 24, 2015	Transfer	113,823	0.28%	382,023	0.75%
		Dec. 25, 2015	Transfer	(382,023)	-0.94%	-	0.00%
		Dec. 31, 2015	Transfer	360,023	0.89%	360,023	0.70%
2	Nikung Properties Private Limited						
	At the beginning of the year	April 1, 2015		770,000	1.90%	770,000	1.51%
	Changes during the year	Dec. 11, 2015	Transfer	(105,272)	-0.26%	664,728	1.30%
		Dec. 18, 2015	Transfer	(157,135)	-0.39%	507,593	0.99%
		Dec. 25, 2015	Transfer	(507,593)	-1.25%	-	0.00%
		Dec. 31, 2015	Transfer	257,493	0.63%	257,493	0.50%
3	Edelweiss Trusteeship Co. Ltd A/C - Edelweiss Mutual Fund A/C: Edelweiss Equity Savings†						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	Sep.11, 2015	Transfer	40,000	0.10%	40,000	0.08%
		Sept. 18, 2015	Transfer	10,000	0.02%	50,000	0.10%
		Oct. 16, 2015	Transfer	(7,452)	-0.02%	42,548	0.08%
		Oct. 23, 2015	Transfer	31,048	0.08%	73,596	0.14%
4	UNIFI AIF†						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	Aug. 28, 2015	Transfer	98,966	0.24%	98,966	0.19%
		Sept. 4, 2015	Transfer	101,024	0.25%	199,990	0.39%
		Oct. 30, 2015	Transfer	70,000	0.17%	269,990	0.53%
		Nov. 6, 2015	Transfer	91,889	0.23%	361,879	0.71%
		Nov. 13, 2015	Transfer	33,271	0.08%	395,150	0.77%
		Nov. 20, 2015	Transfer	3,444	0.01%	398,594	0.78%
		Dec.18, 2015	Transfer	91,846	0.23%	490,440	0.96%
		Dec. 25, 2015	Transfer	(490,440)	-1.21%	-	0.00%
		Dec. 31, 2015	Transfer	517,343	1.27%	517,343	1.01%
		Jan. 29, 2016	Transfer	(517,343)	-1.27%	-	0.00%
	At the end of the year	Mar. 31, 2015		-	0.00%	-	0.00%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
5	York Financial Services Pvt. Ltd. *						
	At the beginning of the year	April 1, 2015		854,691	2.11%	854,691	1.67%
	Changes during the year	April 3, 2015	Transfer	(11,185)	-0.03%	843,506	1.65%
		April 10, 2015	Transfer	(64,663)	-0.16%	778,843	1.52%
		April 17, 2015	Transfer	(76,240)	-0.19%	702,603	1.38%
		June 5, 2015	Transfer	(300,000)	-0.74%	402,603	0.79%
		June 26, 2015	Transfer	51,720	0.13%	454,323	0.89%
		July 10, 2015	Transfer	(286,657)	-0.71%	167,666	0.33%
		Au. 7, 2015	Transfer	(38,798)	-0.10%	128,868	0.25%
		Aug.14, 2015	Transfer	(114,693)	-0.28%	14,175	0.03%
		Aug. 28, 2015	Transfer	47,914	0.12%	62,089	0.12%
		Sept. 4, 2015	Transfer	10,000	0.02%	72,089	0.14%
		Sept.11, 2015	Transfer	(41,651)	-0.10%	30,438	0.06%
		Sept. 30, 2015	Transfer	(5,000)	-0.01%	25,438	0.05%
		Oct.16, 2015	Transfer	(19,134)	-0.05%	6,304	0.01%
		Oct. 23, 2015	Transfer	1,445	0.00%	7,749	0.02%
		Oct. 30, 2015	Transfer	(7,749)	-0.02%	-	0.00%
		Jan. 29, 2016	Transfer	132,553	0.33%	132,553	0.26%
		Feb. 26, 2016	Transfer	(22,366)	-0.06%	110,187	0.22%
		Mar. 25, 2016	Transfer	(32,998)	-0.08%	77,189	0.15%
		Mar.31, 2016	Transfer	(3,739)	-0.01%	73,450	0.14%
	At the end of the year	Mar. 31, 2016		73,450	0.18%	73,450	0.14%
6	L&T Mutual Fund Trustee Ltd - L&T Equity Fund#						
	At the beginning of the year	April 1, 2015		1,457,117	3.59%	1,457,117	2.85%
	Changes during the year	Aug. 28, 2015	Transfer	(54,160)	-0.13%	1,402,957	2.75%
		Sept. 4, 2015	Transfer	(165,264)	-0.41%	1,237,693	2.42%
		Nov. 27, 2015	Transfer	301,357	0.74%	1,539,050	3.01%
		Dec. 25, 2015	Transfer	(1,539,050)	-3.79%	-	0.00%
		Dec. 31, 2015	Transfer	1,539,050	3.79%	1,539,050	3.01%
		Jan. 29, 2016	Transfer	(1,539,050)	-3.79%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
7	Sundaram Mutual Fund A/c - Sundaram Infrastructure Advantage Fund#						
	At the beginning of the year	April 1, 2014		1,473,342	3.63%	1,473,342	2.88%
	Changes during the year	June 12, 2015	Transfer	(10,000)	-0.02%	1,463,342	2.86%
		June 19, 2015	Transfer	(10,000)	-0.02%	1,453,342	2.84%
		June 26, 2015	Transfer	(80,000)	-0.20%	1,373,342	2.69%
		July 10, 2015	Transfer	(15,000)	-0.04%	1,358,342	2.66%
		July 17, 2015	Transfer	(5,000)	-0.01%	1,353,342	2.65%
		July 24, 2015	Transfer	(20,000)	-0.05%	1,333,342	2.61%
		Aug. 28, 2015	Transfer	(10)	0.00%	1,333,332	2.61%
		Sept. 4, 2015	Transfer	(3,943)	-0.01%	1,329,389	2.60%
		Sept. 18, 2015	Transfer	(496,047)	-1.22%	833,342	1.63%
		Sept. 30, 2015	Transfer	496,047	1.22%	1,329,389	2.60%
		Nov. 20, 2015	Transfer	(1,034,146)	-2.55%	295,243	0.58%
		Nov. 27, 2015	Transfer	(295,243)	-0.73%	-	0.00%
	At the end of the year	Mar. 31, 2015		-	0.00%	-	0.00%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
8	Camel Foods Private Limited*						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	July 10, 2015	Transfer	316,889	0.78%	316,889	0.62%
		July 17, 2015	Transfer	5,158	0.01%	322,047	0.63%
		July 24, 2015	Transfer	5,007	0.01%	327,054	0.64%
		July 31, 2015	Transfer	5,363	0.01%	332,417	0.65%
		Aug. 7, 2015	Transfer	8,225	0.02%	340,642	0.67%
		Aug. 14, 2015	Transfer	57,593	0.14%	398,235	0.78%
		Aug. 21, 2015	Transfer	5,230	0.01%	403,465	0.79%
		Aug. 28, 2015	Transfer	11,223	0.03%	414,688	0.81%
		Sept. 4, 2015	Transfer	21,973	0.05%	436,661	0.85%
		Sept. 11, 2015	Transfer	48,335	0.12%	484,996	0.95%
		Sept. 18, 2015	Transfer	5,246	0.01%	490,242	0.96%
		Sept. 30, 2015	Transfer	(105,368)	-0.26%	384,874	0.75%
		Oct. 16, 2015	Transfer	(39,444)	-0.10%	345,430	0.68%
		Oct. 23, 2015	Transfer	25,130	0.06%	370,560	0.73%
		Oct. 30, 2015	Transfer	2,706	0.01%	373,266	0.73%
		Nov. 6, 2015	Transfer	(15,355)	-0.04%	357,911	0.70%
		Nov. 13, 2015	Transfer	(14,205)	-0.03%	343,706	0.67%
		Nov. 20, 2015	Transfer	(3,464)	-0.01%	340,242	0.67%
		Nov. 27, 2015	Transfer	(24,339)	-0.06%	315,903	0.62%
		Dec. 11, 2015	Transfer	(57,139)	-0.14%	258,764	0.51%
		Dec. 18, 2015	Transfer	(38,864)	-0.10%	219,900	0.43%
		Dec. 25, 2015	Transfer	(219,900)	-0.54%	-	0.00%
		Dec. 31, 2015	Transfer	263,326	0.65%	263,326	0.52%
		Jan. 29, 2016	Transfer	(263,326)	-0.65%	-	0.00%
	At the end of the year	Mar. 31, 2015		-	0.00%	-	0.00%
9	Edelweiss Tokio Life Insurance Co. Ltd. Managed Fund†						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	Sept. 30, 2015	Transfer	25,626	0.06%	25,626	0.05%
		Oct. 16, 2015	Transfer	13,166	0.03%	38,792	0.08%
		Oct. 23, 2015	Transfer	124,704	0.31%	163,496	0.32%
		Oct. 30, 2015	Transfer	70,170	0.17%	233,666	0.46%
		Nov. 6, 2015	Transfer	48,248	0.12%	281,914	0.55%
		Nov. 13, 2015	Transfer	16,337	0.04%	298,251	0.58%
		Nov. 20, 2015	Transfer	50,594	0.12%	348,845	0.68%
		Nov. 27, 2015	Transfer	42,082	0.10%	390,927	0.77%
		Dec. 4, 2015	Transfer	18,559	0.05%	409,486	0.80%
		Dec. 11, 2015	Transfer	61,174	0.15%	470,660	0.92%
		Dec. 18, 2015	Transfer	34,273	0.08%	504,933	0.99%
		Dec. 25, 2015	Transfer	(504,933)	-1.24%	-	0.00%
		Dec. 31, 2015	Transfer	607,766	1.50%	607,766	1.19%
		Jan. 29, 2016	Transfer	(607,766)	-1.50%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
10	Milestone Finstock Private Limited						
	At the beginning of the year	April 1, 2015		559,715	1.38%	559,715	1.10%
	Changes during the year	July 10, 2015	Transfer	(38,840)	-0.10%	520,875	1.02%
		July 17, 2015	Transfer	(303,160)	-0.75%	217,715	0.43%
		July 24, 2015	Transfer	(11,250)	-0.03%	206,465	0.40%
		July 31, 2015	Transfer	(22,000)	-0.05%	184,465	0.36%
		Aug.7, 2015	Transfer	(184,465)	-0.45%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%
11	Amal N Parikh *						
	At the beginning of the year	April 1, 2015		299,998	0.74%	299,998	0.59%
	Changes during the year	Dec. 25, 2015		(299,998)	-0.74%	-	0.00%
		Dec. 31, 2015		299,998		299,998	
	At the end of the year	Mar. 31, 2016		299,998	0.74%	299,998	0.59%
12	Sahal Business Pvt. Ltd/						
	At the beginning of the year	April 1, 2015		294,000	0.72%	294,000	0.58%
	Changes during the year	Aug. 7, 2015		(88,717)	-0.22%	205,283	0.40%
		Oct. 16, 2015		(23,045)	-0.06%	182,238	0.36%
		Nov. 20, 2015		(52,000)	-0.13%	130,238	0.25%
		Dec. 4, 2015		(130,238)	-0.32%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%
13	Rekha Rakesh Jhunjhunwala						
	At the beginning of the year	April 1, 2015		998,349	2.46%	998,349	1.95%
	Changes during the year	May 1, 2015	Transfer	2,500,000	6.16%	3,498,349	6.85%
		Dec. 25, 2015	Transfer	(3,498,349)	-8.62%	-	0.00%
		Dec. 31, 2015	Transfer	3,498,349	8.62%	3,498,349	6.85%
	At the end of the year	Mar. 31, 2016		3,498,349	8.62%	3,498,349	6.85%
14	Rakesh Radheshyam Jhunjhunwala						
	At the beginning of the year	April 1, 2015		500,000	1.23%	500,000	0.98%
	Changes during the year	Dec. 25, 2015	Transfer	(500,000)	-1.23%	-	0.00%
		Dec. 31, 2015	Transfer	500,000	1.23%	500,000	0.98%
	At the end of the year	Mar. 31, 2016		500,000	1.23%	500,000	0.98%
15	General Insurance Corporation of India						
	At the beginning of the year	April 1, 2015		170,094	0.42%	170,094	0.33%
	Changes during the year	Dec. 25, 2015	Transfer	(170,094)	-0.42%	-	0.00%
		Dec. 31, 2015	Transfer	170,094	0.42%	170,094	0.33%
	At the end of the year	Mar. 31, 2016		170,094	0.42%	170,094	0.33%
16	The New India Assurance Company Limited						
	At the beginning of the year	April 1, 2015		264,896	0.65%	264,896	0.52%
	Changes during the year	Dec. 25, 2015	Transfer	(264,896)	-0.65%	-	0.00%
		Dec. 31, 2015	Transfer	264,896	0.65%	264,896	0.52%
		Jan. 29, 2016	Transfer	(264,896)	-0.65%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
17	Rajasthan Global Securities Limited#						
	At the beginning of the year	April 1, 2015		165,690	0.41%	165,690	0.32%
	Changes during the year	April 17, 2015	Transfer	39,978	0.10%	205,668	0.40%
		July 10, 2015	Transfer	690,225	1.70%	895,893	1.75%
		July 17, 2015	Transfer	157,794	0.39%	1,053,687	2.06%
		July 24, 2015	Transfer	165,850	0.41%	1,219,537	2.39%
		July 31, 2015	Transfer	46	0.00%	1,219,583	2.39%
		Aug.7, 2015	Transfer	397,771	0.98%	1,617,354	3.17%
		Aug.14, 2015	Transfer	303,359	0.75%	1,920,713	3.76%
		Aug. 21, 2015	Transfer	58,798	0.14%	1,979,511	3.87%
		Aug. 28, 2015	Transfer	256,572	0.63%	2,236,083	4.38%
		Sept. 4, 2015	Transfer	162,206	0.40%	2,398,289	4.69%
		Oct.16, 2015	Transfer	41,856	0.10%	2,440,145	4.78%
		Oct. 23, 2015	Transfer	14,323	0.04%	2,454,468	4.80%
		Oct.30, 2015	Transfer	66,701	0.16%	2,521,169	4.93%
		Nov. 6, 2015	Transfer	211,453	0.52%	2,732,622	5.35%
		Nov. 13, 2015	Transfer	53,347	0.13%	2,785,969	5.45%
		Nov. 20, 2015	Transfer	(131,354)	-0.32%	2,654,615	5.20%
		Nov. 27, 2015	Transfer	370,693	0.91%	3,025,308	5.92%
		Dec. 4, 2015	Transfer	23,196	0.06%	3,048,504	5.97%
		Dec. 11, 2015	Transfer	47,280	0.12%	3,095,784	6.06%
		Dec. 18, 2015	Transfer	40,097	0.10%	3,135,881	6.14%
		Dec. 25, 2015	Transfer	(3,135,881)	-7.73%	-	0.00%
		Dec. 31, 2015	Transfer	3,236,314	7.97%	3,236,314	6.33%
		Jan. 29, 2016	Transfer	(3,236,314)	-7.97%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%
18	Dalmia Securities Private Limited*						
	At the beginning of the year	April 1, 2014		-	0.00%	-	0.00%
	Changes during the year	July 24, 2015	Transfer	1,000	0.00%	1,000	0.00%
		July 31, 2015	Transfer	(1,000)	0.00%	-	0.00%
		Jan. 29, 2016	Transfer	225,000	0.55%	225,000	0.44%
		Feb. 5, 2016	Transfer	25,000	0.06%	250,000	0.49%
		Mar. 4, 2016	Transfer	2,443	0.01%	252,443	0.49%
19	Standard Chartered Bank†						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	June 19, 2015	Transfer	5,730	0.01%	5,730	0.01%
		June 26, 2015	Transfer	(5,730)	-0.01%	-	0.00%
		July 10, 2015	Transfer	15,000	0.04%	15,000	0.03%
		July 17, 2015	Transfer	(10,000)	-0.02%	5,000	0.01%
		July 24, 2015	Transfer	(5,000)	-0.01%	-	0.00%
		Aug.28, 2015	Transfer	10	0.00%	10	0.00%
		Sept. 4, 2015	Transfer	(10)	0.00%	-	0.00%
		Sept. 18, 2015	Transfer	496,047	1.22%	496,047	0.97%
		Sept. 30, 2015	Transfer	(496,047)	-1.22%	-	0.00%
		Nov. 20, 2015	Transfer	1,014,146	2.50%	1,014,146	1.98%
		Nov. 27, 2015	Transfer	(1,014,146)	-2.50%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
20	Mountain Vanijya Private Limited*						
	At the beginning of the year	April 1, 2015		176,000	0.43%	176,000	0.34%
	Changes during the year	Dec.25, 2015	Transfer	(176,000)	-0.43%	-	0.00%
		Dec.31, 2015	Transfer	176,000	0.43%	176,000	0.34%
	At the end of the year	Mar. 31, 2016		176,000	0.43%	176,000	0.34%
21	Maverick Financial Services Private Limited						
	At the beginning of the year	April 1, 2015			0.00%	-	0.00%
	Changes during the year	Jan. 29, 2016	Transfer	500,000	1.23%	500,000	0.98%
		Mar. 18, 2016	Transfer	(500,000)	-1.23%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%
22	Aryav Securities Private Limited						
	At the beginning of the year	April 1, 2015		38,312	0.09%	38,312	0.07%
	Changes during the year	April 3, 2015	Transfer	11,185	0.03%	49,497	0.10%
		April 10, 2015	Transfer	(11,185)	-0.03%	38,312	0.07%
		April 24, 2015	Transfer	16,300	0.04%	54,612	0.11%
		June 5, 2015	Transfer	300,000	0.74%	354,612	0.69%
		July 17, 2015	Transfer	56,067	0.14%	410,679	0.80%
		Aug. 14, 2015	Transfer	(56,067)	-0.14%	354,612	0.69%
		Aug. 28, 2015	Transfer	(61,074)	-0.15%	293,538	0.57%
		Sept. 4, 2015	Transfer	(60,000)	-0.15%	233,538	0.46%
		Sept. 11, 2015	Transfer	(115,000)	-0.28%	118,538	0.23%
		Oct.16, 2015	Transfer	6,301	0.02%	124,839	0.24%
		Oct. 23, 2015	Transfer	(106,930)	-0.26%	17,909	0.04%
		Nov. 6, 2015	Transfer	(6,301)	-0.02%	11,608	0.02%
		Dec. 25, 2015	Transfer	(11,608)	-0.03%	-	0.00%
		Dec. 31, 2015	Transfer	11,608	0.03%	11,608	0.02%
		Jan. 29, 2016	Transfer	(11,608)	-0.03%	-	0.00%
	At the end of the year	Mar. 31, 2016		-	0.00%	-	0.00%
23	Silver Stallion Limited*						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	Mar. 4, 2016	Transfer	80,000	0.20%	80,000	0.16%
		Mar. 11, 2016	Transfer	100,000	0.25%	180,000	0.35%
	At the end of the year	Mar. 31, 2016		180,000	0.44%	180,000	0.35%
24	Mukul Agrawal*						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	Jan. 29, 2016	Transfer	250,000	0.62%	250,000	0.49%
		Mar.18, 2016	Transfer	125,000	0.31%	375,000	0.73%
		Mar. 31, 2016	Transfer	50,000	0.12%	425,000	0.83%
	At the end of the year	Mar. 31, 2016		425,000	1.05%	425,000	0.83%
25	Mukul Mahavirprasad Agrawal*						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year	Mar. 18, 2016	Transfer	375,000	0.92%	375,000	0.73%
	At the end of the year	Mar. 31, 2016		375,000	0.92%	375,000	0.73%
26	MKN Investment Private Limited						
	At the beginning of the year	April 1, 2014		5,000,000	12.32%	5,000,000	9.79%
	Changes during the year			-	0.00%		0.00%
	At the end of the year	Mar. 31, 2015		5,000,000	12.32%	5,000,000	9.79%

\*Not in the list of Top 10 shareholders as on 01/04/2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2016.

#Ceased to be in the list of Top 10 shareholders as on 31/03/2015. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2014.

† Not in the list of Top 10 Shareholders as on 01/04/2015. Ceased to be in the list of Top 10 shareholders as on 31/03/2015. The same is reflected above since the shareholder was one of the Top 10 shareholders during the financial year 2015-16.

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

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Aditya Khaitan						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
2	Virendra Kumar Verma						
	At the beginning of the year	April 1, 2015		700	0.00%	700	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		700	0.00%	700	0.00%
3	Nandini Khaitan						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
4	Amritanshu Khaitan						
	At the beginning of the year	April 1, 2014		8,000	0.02%	8,000	0.02%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2015		8,000	0.02%	8,000	0.02%
5	Subir Ranjan Dasgupta						
	At the beginning of the year	April 1, 2015		2,500	0.01%	2,500	0.00%
	Changes during the year	January 1, 2016	Transfer	(2,500)	-0.01%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
6	Asim Kumar Barman						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
7	P H Ravikumar						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
8	Prasanta Kumar Chandra						
	At the beginning of the year	April 1, 2015		1,000	0.00%	1,000	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		1,000	0.00%	1,000	0.00%
9	Prabir Ghosh						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year		Transfer	-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%
10	Dibakar Chatterjee						
	At the beginning of the year	April 1, 2015		-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	March 31, 2016		-	0.00%	-	0.00%

## V. INDEBTEDNESS

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

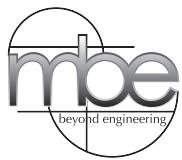
(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	100,577.16	34,620.23	6,680.00	141,877.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,282.36	-	-	1,282.36
Total (i+ii+iii)	101,859.52	34,620.23	6,680.00	143,159.75
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	17,792.10	9,754.85	27,546.95
* Reduction	504.85	-	-	504.85
Net Change	504.85	17,792.10	9,754.85	28,051.80
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	130,437.11	52,412.33	16,434.85	199,284.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	777.51	-	-	777.51
Total (i+ii+iii)	131,214.62	52,412.33	16,434.85	200,061.80

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Prabir Ghosh Whole Time Director & Group CFO	Prasanta Kumar Chandra Whole Time Director & COO	
1	Gross salary	(Rs.)	(Rs.)	(Rs.)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,947,900.00	10,383,900.00	21,331,800.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	14,400.00	14,400.00	28,800.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Contributions to Provident Fund and other funds	567,300.00	567,300.00	1,134,600.00
	Total (A)	11,529,600.00	10,965,600.00	22,495,200.00
	Ceiling as per the Act*	12,000,000.00	12,000,000.00	

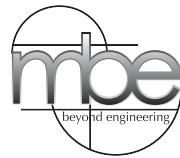


### B. Remuneration to other Directors

SN. 1	Particulars of Remuneration Independent Directors	Name of Directors			Total Amount
		Virendra Kumar Verma	Utsav Parekh	Subir Ranjan Dasgupta	
	Fee for attending board committee meetings	200,000.00	20,000.00	220,000.00	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (1)	200,000.00	20,000.00	220,000.00	
<b>SN.</b>	<b>Independent Directors</b>	<b>Asim Kumar Barman</b>	<b>Nandini Khaitan</b>	<b>P H Ravikumar</b>	
	Fee for attending board committee meetings	340,000.00	80,000.00	100,000.00	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (1)	340,000.00	80,000.00	100,000.00	960,000.00
<b>2</b>	<b>Other Non-Executive Directors</b>	<b>Aditya Khaitan</b>	<b>Amritanshu Khaitan</b>		-
	Fee for attending board committee meetings	200,000.00	200,000.00		
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (2)	200,000.00	200,000.00	400,000.00	
	Total (B)=(1+2)				1,360,000.00
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Dibakar Chatterjee Company Secreary	Sukanta Chattopadhyay Sr. VP - Commercial & CS	
1	(Rs.)	(Rs.)	(Rs.)	
	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	510,000.00	2,203,794.00	2,713,794.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission			
	- as % of profit	-	-	
	- others, specify	-	-	
5	Others, please specify	-	-	
	Total	510,000.00	2,203,794.00	2,713,794.00

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

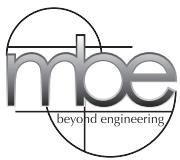
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A.</b>	<b>COMPANY</b>				
	Penalty	None			
	Punishment	None			
	Compounding	None			
<b>B.</b>	<b>DIRECTORS</b>				
	Penalty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

For and On behalf of the Board of Directors

Kolkata, August 12, 2016

Prasanta Kumar Chandra  
*Whole Time Director & COO*

Prabir Ghosh  
*Whole Time Director & CFO*



## Annexure G to Directors' Report

Form No. MR-3

### Secretarial Audit Report

For the Financial Year Ended 31.03.2016

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

To

The Members

**McNally Bharat Engineering Company Limited**

Four Mangoe Lane

Surendra Mohan Ghosh Sarani, 7th Floor

Kolkata – 700 001

West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by McNally Bharat Engineering Company Limited having its Registered Office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700 001, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31.03.2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

### Auditors' Responsibility

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

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

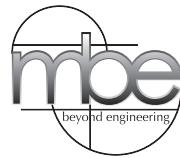
We have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. We have checked the Board process and compliance management system to understand and to form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

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

The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of compliance procedures on test basis. Our report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness or accuracy with which the management has conducted the affairs of the Company.

We report that, we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards (SS – 1 and SS-2) as issued by The Institute of Company Secretaries of India and which became effective from 01.07.2015.
- (iii) Listing Agreement with the stock exchange.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (v) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (vi) 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;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :
  - (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Matter of Emphasis :**

- 1. The Company has Chief Financial Officer (CFO) in terms of Section 203 of the Companies Act, 2013. However, filing of the requisite form (DIR-12) with the Office of the Registrar of Companies for such appointment in terms of the provisions of the Act is still pending.
- 2. In terms of the Order of the Ministry of Corporate Affairs dated 02.08.2016, the Company has to recover payment of excess remuneration of Rs. 2,23,72,172/- as paid to Late Deepak Khaitan during the financial year 2014-2015.
- 3. The Company is not regular in depositing the contributions towards Provident Fund and the Employee State Insurance with the prescribed authorities.
- 4. There are certain forms which have been filed belatedly with the Ministry of Corporate Affairs.
- 5. There is no woman director in the Board of Directors of the Company since May 19, 2016.
- 6. The Company has taken steps to comply with the stipulations of Secretarial Standards (SS-1 & SS-2) which have become effective from 01.07.2015 as far as it was applicable to it.
- 7. There was delay of 44 days in transferring the unclaimed and unpaid dividend for the financial year 2007-2008 to the Investor Education and Protection Fund.

The Company has informed that there are no laws, which are specifically applicable to the Company. Further, to the best of our knowledge and understanding there are adequate systems and processes in the Company commensurate with its size and operation to monitor and ensure compliances with applicable laws including general laws, labour laws, environments laws, etc.

During the period under review the Company in general has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above, except :

The Company has not filed the stipulated forms (MGT-14) with the Ministry of Corporate Affairs for :

- (i) the resolution passed by the Board for approval of financial statements and directors' report of the Company for the financial year ended 31.03.2015;
- (ii) the resolution passed by the Board for appointment of Secretarial Auditor for the financial year 2015-2016;
- (iii) the resolution passed by the Board for loan taken from Aditya Birla Corporation Limited

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

- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (ii) SEBI (Share Based Employee Benefits) Regulations, 2014
- (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

**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, 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 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) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- (d) 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.

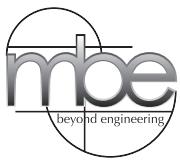
We further report that during the audit period the company has :

- (i) issued 1,00,00,000 Equity Shares of Rs. 10 each on preferential basis on 28.09.2015 and all these newly issued shares are listed with the stock exchanges after making the necessary compliances;
- (ii) issued 5,00,000 Equity Shares of Rs. 10 each on preferential basis on 31.03.2016 and the application for listing of these shares are pending with the stock exchanges.

For A. K. LABH & Co.  
Company Secretaries

Place : Kolkata  
Dated : August 12, 2016

(CS A. K. LABH)  
Practicing Company Secretary  
FCS – 4848 / CP No.-3238



## Annexure H to the Directors' Report

### 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

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

<b>Executive Directors</b>	<b>Remuneration (Rs)</b>	<b>Ratio to the median remuneration</b>
Mr. Prabir Ghosh		
– Whole Time Director & Group CFO	1,15,29,600	30.09:1
<b>Non Executive Directors</b>		
Mr. Prasanta Kumar Chandra		
– Whole Time Director & COO	1,09,65,600	29.4:1
Mr. Aditya Khaitan		
– Non Executive Director	2,00,000	0.54:1
Mr. Amritanshu Khaitan		
– Non Executive Director	2,00,000	0.54:1
Mr. Virendra Kumar Verma		
– Independent Director	2,00,000	0.54:1
Mr. Utsav Parekh		
– Independent Director	20,000	0.054:1
Mr. Subir Ranjan Dasgupta		
– Independent Director	2,20,000	0.59:1
Mr. Asim Kumar Barman		
– Independent Director	3,40,000	0.90:1
Mr. P H Ravikumar		
– Independent Director	1,00,000	0.27:1
Miss Nandini Khaitan		
– Independent Director	80,000	0.21:1

- (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;

<b>Name</b>	<b>Designation</b>	<b>Percentage Change</b>
Mr. Prabir Ghosh	Whole Time Director & Group CFO	Nil
Mr. Prasanta Kumar Chandra	Whole Time Director & COO	Nil
Mr. Aditya Khaitan	Non Executive Director	Nil
Mr. Amritanshu Khaitan	Non Executive Director	Nil
Mr. Virendra Kumar Verma	Independent Director	Nil
Mr. Utsav Parekh	Independent Director	Nil
Mr. Subir Ranjan Dasgupta	Independent Director	Nil
Mr. Asim Kumar Barman	Independent Director	Nil
Miss Nandini Khaitan	Independent Director	Nil

- (iii) The percentage increase in the median remuneration of employees in the financial year : None

- (iv) The number of permanent employees on the rolls of company : 1117

- (v) The explanation on the relationship between average increase in remuneration and company performance : Not Applicable

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company : The total compensation paid to Key Managerial Personnel (including executive director) constituted (0.772)% of the net loss of the year.

- (vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year:

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalisation	3,883,130,168.00	3,389,583,803.00	14.56%
Price Earnings Ratio	(1.143)	2.295	(150)%

The Company had not made any Public Offer of its shares during the financial year ended March 31, 2016.

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

Average percentile increase already made in the salaries of employees in the last financial year (barring KMPs, including CFO & CS) = There has been no increase in the remuneration during the financial year ended March 31, 2016.

Percentile increase in the managerial remuneration in the last financial year (including CFO & CS) = There has been no increase in the remuneration during the financial year ended March 31, 2016.

- (ix) Comparison of the remuneration of each Key Managerial Personnel against the performance of the company;

	Mr. Prabir Ghosh Whole Time Director & Group CFO	Mr. Prasanta Kr. Chandra Whole Time Director & COO	Mr. Dibakar Chatterjee Company Secretary	Mr. Sukanta Chattopadhyay Sr. V.P. Commercial & Company Secretary
Remuneration	1,15,29,600	1,09,65,600	5,10,000	22,03,794
As a % of Turnover	0.05%	0.04%	0.002%	0.009%
As a % of Profit After Tax	(0.38)%	(0.36)%	(0.0168)%	(0.0725)%

- (x) The key parameters for any variable component of remuneration availed by the directors;

The Board determines the variable payments to be given from time to time based on the Directors' and Company's performance. No commission was paid to any of the non-executive directors of the Board during the financial year 2015-16.

- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

For the financial year ended March 31, 2016, no employee of the company received a remuneration that is higher than the remuneration of the highest paid director.

- (xii) Affirmation that the remuneration is as per the remuneration policy of the company:

The remuneration paid during the financial year ended 31st March, 2015 is in terms of the Remuneration Policy of the Company.

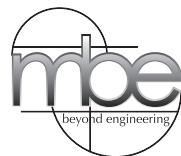
**Information pursuant to Rule 5(2) of the Company (Appointment & Remuneration of Managerial Personnel) Rules, 2014**

Name	Designation	Remuneration received (in Rs. Lacs)	Nature of Employment (Permanent or Contractual)	Qualification	Total Experience	DoJ	Age	The Last employment held	The percentage of Equity Shares held	Whether any such employee is a relative of any Director Manager of the Company and if so, name of such Director Manager
Mr. Prodosh Kumar Bandyopadhyay	President, Infra Proj & Construction Div	69.52	Permanent	B.E	43.3	11-Apr-2011	63	Larsen & Toubro Limited, Regional Operations Head (Thermal Power Plant Construction) - East	–	No
Mr. Krishna Nath Misra	President, Supply Chain Management	60.75	Permanent	M.Tech	34.99	11-Jul-2011	60	Eveready Industries Vice President Materials & Logistics	–	No
Mr. Gautam Maitra	Business Director Process Plants Proj	69.07	Permanent	B.Tech Electrical	39.03	2-May-2013	59	Ambika Projects (India) Pvt. Ltd. Director – Metals, Minerals & Water Technology	–	No
Mr. Arup Kanti Nandi	President, Steel, Mines & Port Proj Div	69.04	Permanent	AMIE Chemical	33.02	24-Sep-1987	59	Nirilon Synthetic Fibres & Chemicals Ltd – Technical Sales & Service Engineer	–	No
Mr. Dipankar Sarkar	President, Power Plants Projects Div.	69.04	Permanent	M.E. Mechanical	33.02	25-Aug-2000	59	D.C. Industrial Plant Services Ltd General Manager	–	No
Mr. P.K. Chandra	Whole Time Director & COO.	109.66	Permanent	B.E Mechanical	39.03	24-Jan-2003	58	Texmaco Group of Companies Head Machinery Division	0.001%	No
Mr. Sujoy Banerjee	President, Group HR & OD	42.72	Permanent	Post Graduate 25.5 Diploma in Personnel Management	1-Feb-2011	50	Eveready Industries India Ltd Vice President HR	–	No	
Mr. Prabir Kumar Ghosh	Whole Time Director and Group CFO.	115.30	Permanent	Chartered Accountant	32.02	1-Nov-2001	56	IFB Agro Industries Ltd President	–	No
Mr. Biman Kanti Dasgupta	Sr. VP – Power Project Division	51.94	Permanent	B.E Mechanical	37.03	10-Mar-2010	59	Astion Projects India Ltd	–	No
Mr. Asoke Kumar Kanjilal	VP – Marketing & Business Development	51.44	Permanent	B.E Mechanical	36.02	1-Sep-2000	59	Greaves Ltd. Engineering	–	No

For and On behalf of the Board of Directors

 Prasanta Kumar Chandra  
 Whole Time Director & COO

 Prabir Ghosh  
 Whole Time Director & CFO



## **Independent Auditor's Report**

**To The Members of McNally Bharat Engineering Company Limited**

### **Report on the Standalone Financial Statements**

1. We have audited the accompanying standalone financial statements of McNally Bharat Engineering Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

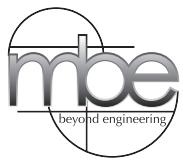
3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016, on its financial position in its standalone financial statements - Refer Note 31;
  - ii. The Company has made provision as at March 31, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts Refer Note 42 (iii). The Company did not have long term derivative contracts as at March 31, 2016;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants  
**Prabal Kr. Sarkar**  
Partner  
Membership No: 52340

Kolkata, May 30, 2016

## **Annexure A to Independent Auditors' Report**

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of McNally Bharat Engineering Company Limited on the standalone financial statements for the year ended March 31, 2016.

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

1. We have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

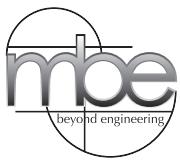
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent limitations of Internal Financial Controls Over Financial Reporting**



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

#### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Lovelock & Lewes

Firm Registration No. 301056E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership No: 52340

Kolkata, May 30, 2016

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of McNally Bharat Engineering Company Limited on the standalone financial statements as of and for the year ended March 31, 2016.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.  
(c) The Company does not own any immovable properties as disclosed in Note 13 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has granted unsecured loans, to a company covered in the register maintained under Section 189 of the Act. The Company has not granted any secured / unsecured loans to firms /LLPs/ other parties covered in the register maintained under Section 189 of the Act.  
(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.  
(b) In respect of the aforesaid loans, no schedule for repayment of principal has been stipulated by the Company. Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.  
(c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax and value added tax have not been regularly deposited with the appropriate authorities and there have been serious delays in a large number of cases and is regular in depositing undisputed statutory dues including duty of customs, duty of excise and cess as applicable with appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2016, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	TDS u/s 194C	66,87,853	July '15	7-Aug-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194C	58,19,024	Aug '15	7-Sep-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194H	3,94,307	July '15	7-Aug-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194H	2,34,152	Aug '15	7-Sep-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194A	4,40,747	July '15	7-Aug-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194A	8,81,795	Aug '15	7-Sep-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194I	16,27,922	July '15	7-Aug-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194I	22,08,998	Aug '15	7-Sep-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194J	34,33,175	June '15	7-Jul-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194J	12,68,690	July '15	7-Aug-15	Not yet paid
Income Tax Act, 1961	TDS u/s 194J	7,43,960	Aug '15	7-Sep-15	Not yet paid
Income Tax Act, 1961	TDS u/s 195	19,32,756	June '15	7-Jul-15	Not yet paid
Income Tax Act, 1961	TCS	49,857	April '15	7-May-15	Not yet paid
Income Tax Act, 1961	TCS	81,703	May '15	7-Jun-15	Not yet paid
Income Tax Act, 1961	TCS	4,752	June '15	7-Jul-15	Not yet paid
Income Tax Act, 1961	TCS	7,886	July '15	7-Aug-15	Not yet paid
Income Tax Act, 1961	TCS	26,502	August '15	7-Sep-15	Not yet paid
UP VAT Act	UP VAT	3,730	June '15	21-Jul-15	Not yet paid
MPVAT Act	MP WCT	1,05,720	July-15	20-Aug-15	Not yet paid
MPVAT Act	MP WCT	1,63,300	August-15	20-Sep-15	Not yet paid
Rajasthan Vat Act	Rajasthan WCT	300	May-15	20-Jun-15	Not yet paid
Rajasthan Vat Act	Rajasthan WCT	96,121	July-15	20-Aug-15	Not yet paid
Rajasthan Vat Act	Rajasthan WCT	9,962	August-15	20-Sep-15	Not yet paid
Tamil NaduVat Act	TN WCT	11,120	August-15	20-Sep-15	Not yet paid
Telangana VAT Act	Telangana WCT	30,59,298	April '15	20-May-15	Not yet paid
Telangana VAT Act	Telangana WCT	10,05,087	May-15	20-Jun-15	Not yet paid
Telangana VAT Act	Telangana WCT	82,91,860	June-15	20-Jul-15	Not yet paid
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	53,42,211	April '15	20-May-15	Not yet paid
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	56,78,566	May '15	20-Jun-15	Not yet paid
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	55,40,057	June '15	20-Jul-15	Not yet paid

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	54,24,930	July '15	20-Aug-15	Not yet paid
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	53,43,385	August '15	20-Sep-15	Not yet paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of excise, value added tax as at March 31,2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty and penal interest thereon	129.51	1989-93	Commissioner of Central Excise, Pondicherry
Finance Act, 1994	Service Tax	16.81	2005-06	Addl. Commissioner of Service Tax
APGST Act, 1957	Sales Tax	4.16	1994-95	Sales Tax Appellate Tribunal – Hyderabad
UP Trade Tax Act, 1948		1.30	2003-04	Deputy commissioner (Appeals) Robertsgunj
WBST Act, 1994		3.90	2003-04	Deputy commissioner, Commercial Taxes, Kolkata
Rajasthan Sales Tax Act, 1994		1.33	2005-06	Deputy commissioner (Appeals), Udaipur
Central Sales Tax Act, 1956		470.27	2006-07	West Bengal Appellate and Revisional Board
Central Sales Tax Act, 1956		26.00	2007-08	West Bengal Appellate and Revisional Board
Central Sales Tax Act, 1956		29.46	2008-09	West Bengal Appellate and Revisional Board
Central Sales Tax Act, 1956		217.09	2011-12	Addl. Commissioner of CT (Appeals)
Central Sales Tax Act, 1956		106.77	2012-13	Addl. Commissioner West Bengal
Central Sales Tax Act, 1956		258.24	2012-13	Addl. Commissioner of CT (Appeals)
WestBengal Value Added Tax Act, 2003	VAT	72.27	2005-2006	West Bengal Appellate and Revisional Board
WestBengal Value Added Tax Act, 2003		182.59	2006-2007	West Bengal Appellate and Revisional Board
WestBengal Value Added Tax Act, 2003		65.67	2007-08	West Bengal Appellate and Revisional Board
WestBengal Value Added Tax Act, 2003		79.84	2008-09	West Bengal Appellate and Revisional Board
WestBengal Value Added Tax Act, 2003		20.26	2009-10	West Bengal Appellate and Revisional Board
APVAT Act		12.62	2010-11	Asst. Commissioner Commercial Tax, Andhra Pradesh
Bihar VAT Act		47.12	2010-11	JCCT appeals (Patna)
APVAT Act		0.94	2011-12	Asst. Commissioner Commercial Tax, Andhra Pradesh
Bihar VAT Act		29.34	2011-12	JCCT appeals (Patna)
WestBengal Value Added Tax Act, 2003		763.40	2012-13	Addl. Commissioner Appeals, West Bengal
Income Tax Act, 1961	Income Tax	3778.89	2012-13	Commissioner of Income Tax (Appeals)

viii. According to the records of the Company examined by us and the information and explanations given to us, except for loans or borrowings from ICICI Bank for the period from March 26, 2016 to March 31, 2016, aggregating Rs. 3,12,50,000, as described below, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

	<b>Nature of dues</b>	<b>Period of default</b>	<b>Amount of default (Rs.)</b>
ICICI Bank	Instalment of Long Term Loan	6 days	3,12,50,000

- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has made a preferential allotment during the year under review, in compliance with the requirements of Section 42 of the Act except non deposit of money received in a separate bank account as required by Section 42(6) of the Act.

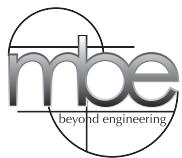
<b>Particulars [Nature of securities viz. Equity share / Preference shares / Convertible Debenture]</b>	<b>Amount involved</b>	<b>Nature of non compliance</b>
Issue of Equity shares	90,00,00,000	Money received was not deposited in a separate bank account.
Conversion of warrants	3,75,00,000	Money received was not deposited in a separate bank account

Further, the amounts raised have been used for the purpose for which funds were raised.

- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Lovelock & Lewes**  
Firm Registration No. 301056E  
Chartered Accountants  
**Prabal Kr. Sarkar**  
Partner  
Membership No: 52340

Kolkata, May 30, 2016



## Balance Sheet As At 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
<b>I EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	3	6,084.38	5,034.38
(b) Reserves and surplus	4	4,640.61	25,714.94
(c) Money received against share warrants	33	625.00	750.00
2 Non-current liabilities			
(a) Long-term borrowings	5	24,730.98	4,784.98
(b) Deferred tax liabilities (Net)	6	–	–
(c) Other Long term liabilities	7	86.64	100.79
(d) Long-term provisions	8	6,512.44	7,004.07
3 Current liabilities			
(a) Short-term borrowings	9	174,553.31	137,092.42
(b) Trade payables	10		
(i) Total outstanding dues of micro enterprises and small enterprises and		595.01	233.23
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		131,448.21	105,443.36
(c) Other current liabilities	11	122,991.57	82,308.22
(d) Short-term provisions	12	1,142.73	2,483.25
		<b>473,410.88</b>	<b>370,949.64</b>
<b>II ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	9,066.70	10,766.50
(ii) Intangible assets	13	43.91	57.35
(iii) Capital work-in-progress		462.48	819.51
(b) Non-current investments	14	18,075.42	19,832.89
(c) Long-term loans and advances	15	11,203.60	4,776.27
(d) Other non-current assets	16	49.00	9.86
2 Current assets			
(a) Inventories	17	14,849.59	12,773.43
(b) Trade receivables	18	155,469.52	141,642.60
(c) Cash and Bank Balances	19	6,159.06	4,688.81
(d) Short-term loans and advances	20	72,420.79	49,822.68
(e) Other current assets	21	185,610.81	125,759.74
		<b>473,410.88</b>	<b>370,949.64</b>

The accompanying notes are an integral part of these financial statements.

This is the Balance Sheet referred to in our Report of even date.

**For Lovelock & Lewes**

Firm Registration Number 301056E

*Chartered Accountants*

**Prabal Kr. Sarkar**

*Partner*

Membership No. 52340

Kolkata, 30th May, 2016

**Aditya Khaitan**

**Prasanta Kumar Chandra**

**Prabir Ghosh**

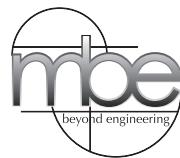
**Dibakar Chatterjee**

- Chairman

- Wholetime Director & COO

- Wholetime Director & Group CFO

- Company Secretary



## Statement of Profit and Loss For The Year Ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

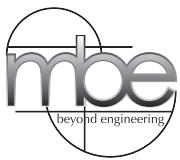
Particulars	Note No	Year Ended March 31, 2016	Year Ended March 31, 2015
I Revenue from Operation	22	241,702.26	217,011.25
II Other Income	23	2,931.03	1,188.63
<b>III Total Revenue (I+II)</b>		<b>244,633.29</b>	<b>218,199.88</b>
Expenses :			
Cost of materials consumed	24	86,189.47	90,099.15
Purchase of traded goods	24	55,454.71	21,093.69
Outsourcing expenses to outsiders for job work		61,866.01	59,938.48
Employee benefit expenses	25	11,295.79	13,657.47
Finance cost	26	31,747.42	22,519.48
Depreciation and amortization expenses	13	2,249.02	2,911.57
Other expenses	27	27,607.47	25,502.10
<b>IV Total Expenses</b>		<b>276,409.89</b>	<b>235,721.94</b>
V Profit /(Loss) before Provision for Onerous Contract items and tax (III-IV)		(31,776.60)	(17,522.06)
VI Provision for Onerous Contracts written back	41	1,400.00	6,100.00
<b>VII Profit/(Loss) for the period (V + VI)</b>		<b>(30,376.60)</b>	<b>(11,422.06)</b>
VIII Earnings Per Equity Share	40		
[Nominal Value per share : Rs. 10 (March 31, 2015 : Rs. 10)]			
(1) Basic (Rs.)		(66.50)	(36.42)
(2) Diluted (Rs.)		(66.50)	(36.38)

The accompanying notes are an integral part of these financial statements.

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

For Lovelock & Lewes  
Firm Registration Number 301056E  
*Chartered Accountants*  
**Prabal Kr. Sarkar**  
*Partner*  
Membership No. 52340  
Kolkata, 30th May, 2016

**Aditya Khaitan** - Chairman  
**Prasanta Kumar Chandra** - Wholetime Director & COO  
**Prabir Ghosh** - Wholetime Director & Group CFO  
**Dibakar Chatterjee** - Company Secretary



## Notes to the Financial Statements for the year ended 31.03.2016

### 1 General Information

McNally Bharat Engineering Company Ltd (MBE) is a leading Engineering Turnkey Project Execution Company in India. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. 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 its operating cycle as 24 months for the purpose of current – non current classification of assets and liabilities.

#### 2.2 Tangible Assets, Intangible Assets and Depreciation

- (a) Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes inward freight, duties and taxes and expenses incidental to and directly attributable to acquisition and installation of fixed assets. Own manufactured assets are capitalized at cost including an appropriate share of directly attributable overheads. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- (b) Depreciation is provided on pro-rata basis using straight line method over the estimated useful lives of assets. The estimates of useful lives have undergone a change with effect from April 1, 2014, based on technical evaluation and are same as the lives prescribed under Schedule II to the Companies Act, 2013, except for certain items of Plant and Machinery with lower useful life as given below: Scaffolding Material: 4 years
- (c) Gains or losses arising from disposal of fixed assets carried at cost are recognized in the Statement of Profit and Loss.
- (d) Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Computer software is amortized over a period of three years.

#### 2.3 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in Statement of Profit and Loss in the period in which they are incurred.

#### 2.4 Impairments

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

## Notes to the Financial Statements for the year ended 31.03.2016

### 2.5 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investment are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

### 2.6 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using Weighted Average method. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and condition. 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. 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.

### 2.7 Foreign currency translation

**Initial Recognition:** On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. **Subsequent Recognition:** As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Monetary current assets and monetary current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the Statement of Profit and Loss. **Forward Exchange Contract:** The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

### 2.8 Derivative Contracts

**Derivative Contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects Of Changes In Foreign Exchange Rates' ):** Derivative contracts outstanding as at year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognized in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.9 Revenue Recognition

Revenue on contracts is recognized using percentage of completion method wherein the stage of completion is determined with reference to the ratio of the contract cost incurred for work performed up to the reporting date to the estimated total contract cost. In the case of unit rate contracts the stage of completion is determined with reference to the valuation of the actual amount of work completed as per the contracted rates. In cases where the current estimate of total contract cost and revenue indicate a loss, such loss is recognized as an expense. Sale of goods : Sales are recognized when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognized net of trade discounts, rebates, sales taxes and excise duties. Sale of Services : In contracts involving the rendering of services, revenue is measured using the proportionate completion method and are recognized net of service tax.

### 2.10 Other Income

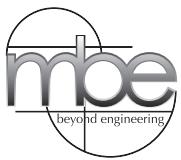
**Interest :** Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend :** Dividend income is recognized when the right to receive dividend is established.

**Income from duty drawback :** Income from duty drawback is recognized in the Statement of Profit and Loss on an accrual basis.

### 2.11 Employee Benefits

Short-term Employee Benefits are recognized in the period in which employee services are rendered. **Provident Fund :** Provident Fund contributions are made to a Trust administered by the Company. The Company's liability



## Notes to the Financial Statements for the year ended 31.03.2016

is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise. The contributions made to the trust are recognized as plan assets. The defined benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. **Gratuity** : The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

**Superannuation Fund:** The Company operates a superannuation fund scheme for some of its employees towards which the Company contributes up to a maximum of 15% of the employees' current salary, which is charged to the Statement of Profit and Loss. The scheme, which is fully funded, is managed by Trustees and is independent of the Company's finance. **Compensated Absences** : Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be available or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise. **Termination Benefits** : Termination benefits in the nature of voluntary retirement benefit are recognized in the Statement of Profit and Loss as and when incurred. **Post Retirement Medical Benefits** : Accrued liability towards post employment medical benefits extended to certain categories of employees (Comprising of annual medical insurance premium to cover hospitalization) within a defined monetary limit are evaluated on the basis of actuarial valuation based on Projected Unit Credit (PUC) Method at the end of the year and is recognized as a charge in the accounts. **Other Long Term Employee Benefits** : Other long term employee benefits comprising of entitlement to accumulation of Sick Leave and Long Service Award is provided based on Actuarial valuation as per PUC method carried out as at the end of the year. **Employees' State Insurance Scheme** : Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognized as charge in Statement of Profit and Loss in the year in which they arise.

### 2.12 Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions. Deferred tax is recognized for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognized deferred tax assets, if any. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.13 Provisions and Contingent Liabilities

**Provisions** : Provisions are recognized when there is a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

**Contingent Liabilities** : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## Notes to the Financial Statements for the year ended 31.03.2016

### 2.14 Leases

As a Lessee :

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease payments under operating leases are charged on a straight-line basis in the Statement of Profit and Loss over the lease term.

### 2.15 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 2.16 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.17 Government Grants

Grants of Capital nature and related to specific Fixed Assets are deducted from gross value of assets. Other grants of Capital nature are credited to Capital Reserve. Grant related to revenue are recognized in the Statement of Profit and Loss on a systematic basis to match them with related costs.

### 2.18 Use of Estimates

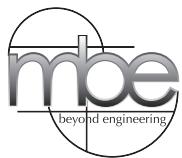
The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods. Any revision to accounting estimates is recognized prospectively in the current and future periods.

### 2.19 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. There is no intra-segment revenue. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated expenses/income.

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>3 SHARE CAPITAL</b>		
<b>Authorized :</b>		
7,00,00,000 (March 31,2015 : 7,00,00,000)	7,000.00	7,000.00
Equity Shares of Rs. 10/- each		
1,20,00,000 (March 31,2015 : 1,20,00,000) 11.50%	12,000.00	12,000.00
Non-Convertible Redeemable Preference Shares of Rs. 100/- each		
<b>Issued, Subscribed &amp; Paid up :</b>		
5,10,93,818 ( March 31,2015 : 4,05,93,818)	5,109.38	4,059.38
Equity Shares of Rs. 10/- each fully paid up.		
9,75,000 ( March 31,2015 : 9,75,000) 11.50%	975.00	975.00
Non-Convertible Redeemable Preference Shares of Rs. 100/- each fully paid up.		
	<b>6,084.38</b>	<b>5,034.38</b>



## Notes to the Financial Statements for the year ended 31.03.2016

(a) **Reconciliation of Number of Equity Shares :**

	As at 31.03.2016		As at 31.03.2015	
	No. of shares	Rs in Lacs	No of shares	Rs in lacs
At the beginning of the year	40,593,818	4,059.38	31,093,818	3,109.38
Add: Issued during the year	10,500,000	1,050.00	9,500,000	950.00
At the end of the year	<b>51,093,818</b>	<b>5,109.38</b>	<b>40,593,818</b>	<b>4,059.38</b>

(b) **Reconciliation of Number of 11.50%**

**Non-Convertible Redeemable Preference Shares :**

At the beginning and end of the year	<b>975,000</b>	<b>975.00</b>	<b>975,000</b>	<b>975.00</b>
--------------------------------------	----------------	---------------	----------------	---------------

(c) **Rights and restrictions attached to shares :**

**Equity Shares:** The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

**Preference Shares:** The Company has cumulative, non convertible redeemable preference shares of Rs 100 each at a coupon rate of 11.50% p.a.. Tenure of these Preference Shares is 7 years from the date of issue.

(d) The company does not have a holding company.

(e) **Details of shares held by shareholders holding more than 5% of the aggregate Equity shares in the Company**

Sl. Name of Equity Shareholders

No.

- 1 Williamson Magor & Company Ltd.
- 2 McLeod Russel India Ltd.
- 3 MKN Investments Pvt. Ltd.
- 4 Rekha Rakesh Jhunjhunwala
- 5 EMC Ltd

As at March 31, 2016		As at March 31, 2015	
No of Shares	% Held	No of Shares	% Held
9,967,437	19.51%	5,179,748	12.76%
3,052,295	5.97%	3,052,295	7.52%
5,000,000	9.79%	5,000,000	12.32%
3,498,349	6.85%	3,498,349	8.62%
14,287,689	27.96%	—	—

(f) **Details of shares held by shareholders holding more than 5% of the aggregate 11.50% Non-Convertible Redeemable Preference shares in the Company**

Sl. Name of Non-Convertible Redeemable

No. Preference Shareholders

- 1 Tata Capital Financial Services Limited
- 2 Brijesh Kumar Biyani
- 3 Rahul Mohindar
- 4 Vinay Mohindar
- 5 Mridula Mohata

As at March 31, 2016		As at March 31, 2015	
No of Shares	% Held	No of Shares	% Held
625,000	64.10%	625,000	64.10%
100,000	10.26%	100,000	10.26%
50,000	5.12%	50,000	5.12%
100,000	10.26%	100,000	10.26%
100,000	10.26%	100,000	10.26%

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 4 RESERVES & SURPLUS

#### Capital Redemption Reserve

Balance as at the beginning and end of the year

1.00

1.00

#### Securities Premium Account

Balance as at the beginning of the year

16,983.31

8,460.30

Add: Premium on Securities allotted during the year

9,450.00

8,550.00

Less: Expenses relating to Securities issued during the year

10.15

26.99

Balance as at the end of the year

26,423.16

16,983.31

#### Securities Premium Account-Non-Convertible

#### Redeemable Preference Share

Balance as at the beginning and end of the year

2,884.40

2,884.40

#### General Reserve

Balance as at the beginning of the year

1,687.22

1,687.22

Less: Transferred to Surplus in Statement of Profit and Loss during the year

137.58

—

Balance as at the end of the year

1,549.64

1,687.22

#### Surplus in Statement of Profit and Loss

Balance as at the beginning of the year

4,159.01

15,712.26

Profit/(Loss) for the year

(30,376.60)

(11,422.06)

(26,217.59)

4,290.20

Add: Transferred from General Reserve

137.58

—

Less: Appropriations

Dividend on Preference Shares for the year

112.13

112.13

Dividend Distribution Tax on Dividend on Preference Shares

25.45

19.06

Balance as at the end of the year

(26,217.59)

4,159.01

**4,640.61**

**25,714.94**

### 5 LONG TERM BORROWINGS : [Refer Note No 46]

#### Secured :

Term Loans :

From Banks in Foreign Currency

1,168.48

2,207.10

From Bank in Indian Rupee

23,562.50

1,562.94

#### Unsecured :

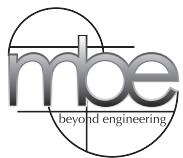
From Others

—

1,014.94

**24,730.98**

**4,784.98**



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>6 DEFERRED TAX LIABILITIES (NET)</b>		
<b>Liabilities :</b>		
Depreciation	764.94	1,171.77
<b>Assets :</b>		
Items allowable for tax purposes on payment	(191.51)	(214.25)
Business losses	(384.18)	(891.02)
Others	(189.25)	(66.50)
	<hr/> —	<hr/> —
(a) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.		
(b) During the year the Company has recognized deferred tax assets (including assets on business losses) to the extent of deferred tax liabilities.		
<b>7 OTHER LONG TERM LIABILITIES</b>		
Advance from Customers	—	26.50
Others	86.64	74.29
	<hr/> 86.64	<hr/> 100.79
<b>8 LONG TERM PROVISIONS</b>		
Provision for Employee Benefits [Refer Note no 47]:		
Provision for Privileged Leave Encashment	418.74	447.65
Provision for Other Employee Benefits	185.04	211.72
	<hr/> 603.78	<hr/> 659.37
Other Provisions :		
Provision for Lease Rent	612.47	540.42
Provision for Tax [Refer Note no 48]	5,296.19	5,804.28
	<hr/> 6,512.44	<hr/> 7,004.07

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 9 SHORT TERM BORROWINGS

#### Secured :

Term Loan from Banks :

Indian Rupee Loan ( Refer Note a below)	325.15	1,814.26
Foreign Currency Loan ( Refer Note b below)	–	732.39
Working Capital Loan ( Refer Note b below) :		
Cash Credit from Banks	86,446.48	74,465.13
Working Capital Demand Loan from Banks	18,934.50	19,710.34
Packing Credit in Indian Rupee	–	85.00

#### Unsecured :

Term Loan from Banks :

Indian Rupee Loan	29,700.00	26,600.00
Foreign Currency Loan	22,712.33	–
From Others	–	5,100.00
Working Capital Loan :		
Packing Credit in Foreign Currency	–	1,905.30
Deposit (Inter Corporate) from related parties	2,124.85	–
Deposit (Inter Corporate) from others	14,310.00	6,680.00
	<b>174,553.31</b>	<b>137,092.42</b>

Unsecured loans from parties other than Bank are repayable on demand and carry interest at 14% to 20% p.a., respectively.

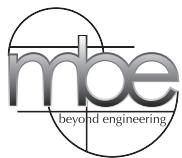
#### a Details of Security for Term Loans from Banks is as follows:

**Karur Vysya Bank Ltd:** Pari passu Hypothecation charge on retention money of RINL project, SAIL ISCO Steel Plant, Burnpur and BHEL projects amounting to Rs 18400.00 lacs along with other lenders.

#### b Details of Security for Term Loan in Foreign Currency and Working Capital Loan is as follows:

**Consortium of Banks:** A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/leasing, book debts and other movable assets, both present and future. A first pari passu charge in favour of the said Banks by way of third party charge on the movable and fixed assets of the Kumardhuli Division owned by McNally Sayaji Engineering Company Limited, (a Subsidiary Company). A corporate guarantee from McNally Sayaji Engineering Company Limited in favour of the BOI Consortium equivalent to the value of the property to be mortgaged by McNally Bharat Engineering Company Limited. Charge on fixed assets on subservient basis except ICICI to the extent of term loan.

<b>c Amount of loan guaranteed by Williamson Magor &amp; Co. Limited</b>	105,706.13	96,807.12
	7,200.00	–
	<b>112,906.13</b>	<b>96,807.12</b>



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 10 TRADE PAYABLES

(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 29) and	595.01	233.23
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	38,020.54	7,232.59
(ii) Others	93,427.67	98,210.78
	<b>132,043.22</b>	<b>105,676.59</b>

### 11 OTHER CURRENT LIABILITIES

Current Maturities of Long Term Borrowings [Refer Note No. 46]	24,168.77	11,037.66
Interest Accrued but not due on borrowings	777.51	1,282.36
Interest Accrued and due on borrowings	–	49.14
Other Interest Accrued but not due	2,882.95	2,931.56
Unpaid Dividends [ Refer note (a) below]	17.09	18.43
Advances from Customers	61,903.07	55,075.13
Employee Benefits payable	2,339.26	1,867.20
Security Deposits	36.68	36.68
Due to Customers [Refer Note (b) below]	2,038.39	3,101.54
Creditors for Purchase of Fixed Assets	523.65	319.20
Book Overdraft in Current Account with Banks	655.97	4,087.11
Statutory dues	3,495.02	1,356.41
Amount Payable to Bank under Forward Contract	23,699.41	–
Others Payables	453.80	1,145.80
	<b>122,991.57</b>	<b>82,308.22</b>

- (a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end.  
 (b) Excess of Actual billing over cost incurred and profit /loss recognized.

### 12 SHORT TERM PROVISIONS

Provision for Employee Benefits : [Refer Note No. 47]

Provision for Gratuity [Refer Note No. 45]	45.37	20.12
Provision for Privileged Leave Encashment	155.65	177.78
Provision for Other Employee Benefits	152.99	73.48
	<b>354.01</b>	<b>271.38</b>

Other Provisions :

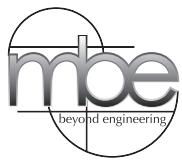
Provision for Dividend on Preference Shares	27.88	27.65
Provision for Dividend Distribution Tax on Preference Shares	5.68	4.70
Provision for Future Foreseeable Losses in Construction Contracts	755.16	671.19
Provision for Onerous Contracts	–	1,400.00
Provision for Mark to Market Loss on Derivative Contracts	–	108.33
	<b>1,142.73</b>	<b>2,483.25</b>

## Notes to the Financial Statements for the year ended 31.03.2016

### 13 FIXED ASSETS

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	Gross Block			Depreciation/Amortization			Net Block		
	April 1, 2015	Addition	Disposal	March 31, 2016	April 1, 2015	For the year	Disposal	March 31, 2016	March 31, 2015
<b>Tangible Assets :</b>									
Plant & Equipment	16,764.04	515.74	30.58	17,249.20	6,941.04	2,025.78	28.90	8,937.92	8,311.28
Furniture & Fixtures	1,162.18	22.11	–	1,184.29	413.34	104.25	–	517.59	666.70
Vehicles	228.80	–	20.96	207.84	113.84	24.13	7.43	130.54	114.96
Office Equipment	454.07	13.14	–	467.21	374.37	81.42	–	455.79	11.42
(A)	18,609.09	550.99	51.54	19,108.54	7,842.59	2,235.58	36.33	10,041.84	9,066.70
<b>Intangible Assets :</b>									
Computer Software (Other than internally generated)	1,113.79	–	–	1,113.79	1,056.44	13.44	–	1,069.88	43.91
(B)	1,113.79	–	–	1,113.79	1,056.44	13.44	–	1,069.88	57.35
Total (A+B)	19,722.88	550.99	51.54	20,222.33	8,899.03	2,249.02	36.33	11,111.72	9,110.61
March 31, 2015	19,360.81	595.89	233.82	19,722.88	6,095.90	2,911.57	108.44	8,899.03	10,823.85



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 14 NON-CURRENT INVESTMENTS

Long Term - Trade Investments (Valued at Cost)

(a) Quoted Equity Instruments

Investment in Subsidiaries

67,29,698 ( March 31,2015 - 67,29,698) Equity Shares of Rs. 10 each fully paid up in McNally Sayaji Engineering Limited (Out of which non disposal undertakings have been issued for 56,61,590 shares in favour of financial institutions.)	15,343.11	15,343.11
--	-----------	-----------

(b) Unquoted Equity Instruments

Investment in Subsidiaries

6,49,459 (March 31,2015-6,49,459) Equity shares in MBE Mineral Technologies Pte Limited (Formerly MBE Holding Pte Limited) of 10 Singapore Dollar each fully paid.	2,550.74	2,550.74
--	----------	----------

99,400 (March 31,2015-99,400) Equity Shares of Rs. 10 each fully paid in McNally Bharat Equipments Limited	9.94	9.94
---	------	------

99,400 (March 31,2015-99,400) Equity Shares of Rs. 10 each fully paid in McNally Bharat Infrastructure Limited	9.94	9.94
---	------	------

4,99,99,996 (March 31,2015-4,99,99,996) Equity Shares in MBE Minerals Zambia Limited of ZMK 1 each fully paid	4.69	4.69
--	------	------

3,49,322 (March 31, 2015-3,49,322) Equity Shares in MBE Coal & Mineral Technology India Pvt. Limited of Rs 10 each fully paid	–	1,909.78
--	---	----------

100 (March 31, 2015-100) Equity Shares in McNally Bharat Engineering (SA) Proprietary Limited of ZAR 20.37 each fully paid	0.13	0.13
---	------	------

Investment in Joint Venture

87500 (March 31, 2015-NIL) Equity Shares in EMC MBE Contracting Co LLC of OMR 1.00 each fully paid	152.31	–
---	--------	---

Long Term - Other Than Trade Investments (Valued at cost)

(a) Quoted Equity Instruments

10,960 (March 31, 2015 - 10,960) Equity Shares of Rs. 5 each fully paid up in Eveready Industries India Limited	2.28	2.28
--	------	------

10,960 (March 31, 2015 - 10,960) Equity Shares of Rs. 5 each fully paid up in McLeod Russel India Limited	2.28	2.28
--	------	------

<b>18,075.42</b>	<b>19,832.89</b>
------------------	------------------

Aggregate amount of quoted Investments

<b>15,347.67</b>	<b>15,347.67</b>
------------------	------------------

Market Value of quoted Investments

43.43	54.75
-------	-------

(excluding investment in McNally Sayaji Engineering Limited, in the  
absence of Current Market Quotation)

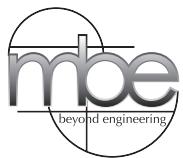
Aggregate amount of unquoted Investments

2,727.75	4,485.22
----------	----------

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>15 LONG TERM LOANS AND ADVANCES</b>		
Unsecured Considered Good (Unless otherwise stated):		
Capital Advances	253.47	336.04
Security Deposits	89.46	89.46
Other Loans and Advances		
Balances with Government Authorities	0.46	0.46
Others	10,860.21	4,350.31
	<b>11,203.60</b>	<b>4,776.27</b>
<b>16 OTHER NON-CURRENT ASSETS</b>		
Long Term Trade Receivables:		
Unsecured Considered Good	–	0.28
Others :		
Long term deposits with banks with maturity period more than 12 months	2.16	–
Margin Money Deposit	46.84	9.58
	<b>49.00</b>	<b>9.86</b>
<b>17 INVENTORIES</b>		
Raw Materials (Including in Transit Rs. 1543.90)	14,849.34	12,773.18
Loose Tools	0.25	0.25
	<b>14,849.59</b>	<b>12,773.43</b>
<b>18 TRADE RECEIVABLES</b>		
Unsecured - Considered Good		
Outstanding for a period exceeding 6 months from the date they are due for payment [Refer note (a)]	40,366.64	30,990.72
Other Debts	115,102.88	110,651.88
	<b>155,469.52</b>	<b>141,642.60</b>
(a) Trade receivable includes receivable from subsidiary companies by Rs. 334.36 Lacs (March 31,2015 : Rs. 616.38 Lacs)		
<b>19 CASH AND BANK BALANCES</b>		
Cash and Cash Equivalents		
Cash on Hand	72.84	147.45
Remittance in Transit	–	28.30
Bank Balances		
Bank Balances in Current Account	4,366.09	4,302.48
Demand Deposits (Less than 3 months maturity)		
Other Bank Balances		
Long term deposits with maturity more than 3 months but less than 12 months	0.39	2.48
Margin Money Deposit	1,702.39	189.47
Unpaid Dividend Account	17.35	18.63
	<b>6,159.06</b>	<b>4,688.81</b>



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>20 SHORT TERM LOANS AND ADVANCES :</b>		
Unsecured considered good :		
Loans & Advance to Subsidiaries (Refer Note a)	16,170.05	11,937.60
Other Loans & Advances		
Income Tax Refund Receivable	—	19.28
Balance with Statutory / Govt Authorities	6,799.05	4,375.41
Security Deposits	473.32	300.65
Prepaid Expenses	232.40	121.45
Advance to Supplier & Others	44,158.06	29,842.25
Employee Advance	88.57	73.69
Advance Income Tax (Net of Provision for Tax Rs NIL )	4,499.33	3,152.35
	<b><u>72,420.79</u></b>	<b><u>49,822.68</u></b>
(a) Details of loans given covered under Section 186(4) of the Companies Act, 2013:		
(i) Balance of loan given to MBE Minerals Zambia Limited (100% subsidiary ) for business purpose.	14.17	13.38
(ii) Balance of loan given to MBE Mineral Technologies Pte Ltd.,Singapore (100% subsidiary) for business purpose.	6,850.10	3,880.35
(iii) Balance of loan given to McNally Bharat Equipments Limited (100% subsidiary) for business purpose.	1.00	1.00
(iv) Balance of loan given to McNally Bharat Engg. (S.A.) Proprietary Ltd. (100% subsidiary) for business purpose. Interest could not be charged due to restriction on interest payment repatriation at South Africa.	39.55	37.33
(v) Balance of loan given to McNally Bharat Infrastructure Limited (100% subsidiary) for business purpose.	1,426.17	1,310.53
<b>21 OTHER CURRENT ASSETS</b>		
Unsecured Considered good :		
Due from Customers [ Refer note (a)]	158,973.29	125,198.42
Others	2,849.83	561.32
Unamortized Expenses :		
Receivable under Forward Contract	23,787.69	—
	<b><u>185,610.81</u></b>	<b><u>125,759.74</u></b>
(a) Excess of cost incurred and profit/loss recognized as per AS 7 over actual sales billing.		

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Year Ended March 31, 2016	Year Ended March 31, 2015
------------------------------	------------------------------

### 22 REVENUE FROM OPERATION

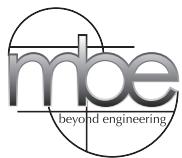
Sale of Equipments & Contract Revenue	185,839.98	195,432.10
Sale of Steel (Traded Goods)	55,934.56	21,403.19
Other Operating Revenue :		
Duty Drawback	0.84	8.49
Sale of Scrap	366.80	429.46
	<u>242,142.18</u>	<u>217,273.24</u>
Less: Excise Duty	439.92	261.99
	<u><b>241,702.26</b></u>	<u><b>217,011.25</b></u>

### 23 OTHER INCOME

Interest Income	669.20	375.08
Dividend Income from Long Term - Other than Trade Investments	0.44	0.82
From Subsidiaries		
Profit on sale of Long Term Trade Investments	790.22	—
Foreign Currency Translation Gain	260.27	—
Service Charges (Gross)	—	473.00
Corporate Guarantee Commission	10.28	46.13
Provision for Loss on Derivatives - Mark to Market Valuation -	108.33	17.53
No longer required - written back		
Advance From Customer Written back	907.03	—
Liability no Longer required-written back	33.05	—
Miscellaneous Income	152.21	276.07
	<u><b>2,931.03</b></u>	<u><b>1,188.63</b></u>

### 24 COST OF MATERIALS CONSUMED

Raw Material Consumed		
Opening Inventory	12,773.18	9,379.37
Add : Purchases	25,423.30	30,917.08
Less : Inventory at the end of the year	14,849.34	12,773.18
Cost of Raw Materials consumed during the year: [Refer Note No. 36 and 37]	23,347.14	27,523.27
Consumption of bought out Components and related Spares	62,842.33	62,575.88
Purchase of traded goods	55,454.71	21,093.69
	<u><b>141,644.18</b></u>	<u><b>111,192.84</b></u>



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Year Ended March 31, 2016	Year Ended March 31, 2015
------------------------------	------------------------------

### 25 EMPLOYEE BENEFIT EXPENSES

Salaries, Wages & Bonus	9,352.07	11,412.95
Contribution to Provident Fund : [Refer Note no 45]	412.88	473.42
Contribution to Super Annuation Fund	—	1.03
Contribution to Gratuity Fund : [Refer Note no 45]	43.82	80.68
Workmen and Staff Welfare Expenses	1,487.02	1,689.39
	<b>11,295.79</b>	<b>13,657.47</b>

### 26 FINANCE COST

Interest Expense	26,188.19	21,051.85
Other Borrowing Costs	5,264.27	1,268.30
Net Loss on foreign currency transactions and translation	294.96	199.33
	<b>31,747.42</b>	<b>22,519.48</b>

### 27 OTHER EXPENSES

Power & Fuel	1,209.69	1,495.00
Rent	1,443.82	1,631.21
Repairs to Buildings	0.03	0.01
Repairs to Machinery	79.57	95.07
Insurance	473.30	612.57
Payment to Auditors :		
As Auditors :		
Audit Fees	46.80	36.00
Fees for issuing various certificates (including limited reviews)	20.60	16.65
For reimbursement of expenses	0.81	0.55
Director Fees	13.60	12.60
Rates & Taxes	473.24	370.66
Cartage & Freight	3,629.11	3,854.86
Bank Charges	3,628.34	2,863.13
Professional Services	3,121.53	3,162.83
Travelling	2,328.44	2,465.50
Net Loss on foreign currency transactions and translation (other than considered in finance cost)	—	15.77
Bad Debts Written Off	3,901.40	2,628.36
Provision for Future Foreseeable Losses in Construction Contracts	83.97	7.08
Miscellaneous Expenses	7,153.22	6,234.25
	<b>27,607.47</b>	<b>25,502.10</b>

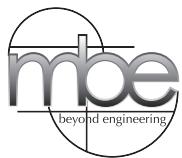
## Notes to the Financial Statements for the year ended 31.03.2016

- 28 As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court at Calcutta vide its Order dated 28th July 2009 which was filed with the Registrar of Companies, West Bengal , Kolkata on 1st September 2009 , for reconstruction of McNally Bharat Engineering Company Limited (MBECL) and its subsidiary viz McNally Sayaji Engineering Ltd (MSEL) - the Products Division of MBECL engaged in the business of manufacture and/or procuring equipments for various engineering and infrastructure projects and having its units at Kumardhubi, in the State of Jharkhand and Asansol, in the State of West Bengal and Bangalore, in the State of Karnataka has been transferred to MSEL with effect from the appointed date, i.e. 01.04.2008 .As per the scheme of arrangement the transfer and vesting of Products Division of MBECL to MSEL shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof, provided however, that such charges, mortgages and/or encumbrances shall be confined only to the assets of MBECL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in MSEL and no such charges, mortgages and/ or encumbrances shall extend over or apply to any other asset(s) of MSEL. Thus the existing charges on the assets of the Products Division for facilities enjoyed by MBECL will continue and vice versa. Accordingly, working capital demand loans, cash credit facilities, term loans and other non fund based facilities of the Company are secured by assets which include those of the Product Division of MSEL.
- 29 The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	595.01	233.23
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	84.07	85.22
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1868.64	1309.74

- 30 The Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The company has a legitimate claim of Rs. 1517 lacs towards receivable (included in Note No.18) and Rs.1133 lacs on account of deposit against Performance Guarantee (included in Note No.20). Elsamex S.A. moved to arbitration and had claimed an amount of Rs.7334 lacs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingénieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on 25th October 2010 has upheld Elsamex S A's claim and has given award in favour of Elsamex S A. Under the award, a total amount of Rs.3535 lacs is receivable by the Company. A claim has already been lodged with PWD . PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court for a stay in the matter of payment of award money.



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>31 CONTINGENT LIABILITIES</b>		
(a) Claims against the company not acknowledged as debt	100	100
(b) Other money for which the Company is contingently liable:		
(i) Excise Duty matters pending in appeal related to issues of applicability and classification	130	130
(ii) Sales Tax/VAT matters pending in appeal relating to disputes regarding assessable value and exemptions claimed	2,473	2,184
(iii) Service Tax Matters pending in appeal relating to issues of applicability	17	21
(iv) Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed.	–	1,640
(v) Corporate guarantees given in favour of subsidiary companies *	10,868	11,900
(vi) Other guarantees given	–	241
(vii) Standby letter of credit	–	2,007
(viii) Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable
* Details of Corporate Guarantees given covered under Section 186(4) of the Companies Act, 2013:		
MBE Coal & Mineral India Pvt Ltd (Banking Facility)	3,500	3,500
McNally Sayaji Engineering Ltd (ECB & Rupee Term Loan)	7,368	5,289
MBE Mineral technologies Pte Ltd	–	3,111
	<b>10,868</b>	<b>11,900</b>

The probable cash outflow in respect of the above matters is not determinable at this stage.

### 32 CAPITAL COMMITMENTS

Estimated value of contracts in capital account remaining to be executed	<b>146.54</b>	<b>102.16</b>
--	---------------	---------------

### 33 MONEY RECEIVED AGAINST SHARE WARRANT

30 lacs convertible warrants were allotted to Williamson Magor & Company Limited, existing Promoters of the Company on 13.03.2015 against which the Company had received Rs.7.5 crores being the 25% upfront payment as per SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009. The Allotment Committee of the Company on 31.03.2016 has allotted 5 lacs equity shares on conversion of 5 lacs warrants to the said Williamson Magor & Co. Ltd. thereby reducing warrant application money by Rs. 1.25 cr representing 5 lakh warrants as on close of 31.03. 2016. The balance in Warrant Application Money Rs. 6.25 cr represents 25% application money for the 25 lakh warrants yet to be converted.

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Year Ended March 31, 2016	Year Ended March 31, 2015
------------------------------	------------------------------

### 34 CIF VALUE OF IMPORTS

Components, Spare Parts and Stores	2,670.68	423.23
Capital Goods	—	—
	<b>2,670.68</b>	<b>423.23</b>

### 35 EXPENDITURE IN FOREIGN CURRENCY

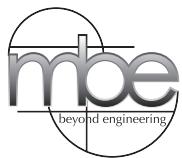
Travelling	16.03	26.96
Professional and consultation fees	623.43	115.77
Interest expense	375.40	1,309.57
Others	75.65	183.54
	<b>1,090.51</b>	<b>1,635.84</b>

### 36 VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

Raw Materials (Value)		
Imported	—	—
Indigenous	23,347.14	27,523.27
	<b>23,347.14</b>	<b>27,523.27</b>
Raw Materials (%)		
Imported	0.00%	0.00%
Indigenous	100.00%	100.00%
	<b>100.00%</b>	<b>100.00%</b>
Components and related spares (Value)		
Imported	2,670.68	423.23
Indigenous	115,626.36	83,246.34
	<b>118,297.04</b>	<b>83,669.57</b>
Components and related spares (%)		
Imported	2.26%	0.51%
Indigenous	97.74%	99.49%
	<b>100.00%</b>	<b>100.00%</b>

### 37 DETAILS OF RAW MATERIALS CONSUMED

Steel	19,960.19	23,843.89
Cement and Others	3,386.95	3,679.38
	<b>23,347.14</b>	<b>27,523.27</b>



## Notes to the Financial Statements for the year ended 31.03.2016

### 38 (a) Sale of MBE Coal & Minerals Technology, India Pvt. Ltd. (formerly Humboldt Wedag Minerals India Pvt. Ltd.)

During the year, the Company entered into an agreement with its subsidiary McNally Sayaji Engineering Ltd (MSEL) to sell the entire holding of 99.99% of MBE Coal Mineral Technology India Pvt. Ltd., to MSEL. The rationale behind this was to synergize the business of manufacturing products required in coal and mineral beneficiation turnkey project engineering. Subsequently, on October 23, 2015, the Board of Directors of both the Companies have approved of the sale and purchase of MBE Coal and Mineral Technology India Pvt. Ltd., at a consideration of Rs. 27 crores.

### (b) Creation of Joint Venture EMC MBE Contracting Company LLC in Oman

The Company entered into a joint venture agreement on September 2, 2015 with EMC Limited in a participation ratio of 50:50 and incorporated a Limited Liability Partnership Company under the name EMC MBE Contracting Company LLC in Oman. The Board of Directors of the Company had adopted the resolution towards formation of this joint venture company at its meeting held on August 13, 2015. Thereafter, investment of Rs. 152.31 lacs was made in the said LLC in Oman on December 11, 2015.

(All figures in Rs. Lacs, unless otherwise stated)

Year Ended March 31, 2016	Year Ended March 31, 2015
------------------------------	------------------------------

### 39 EARNINGS IN FOREIGN CURRENCY

Sale of Contracts	94.05	319.35
Corporate Guarantee Commission	10.28	46.13
Interest Income	645.55	299.13
Service Charges	—	473.00
	<b>749.88</b>	<b>1,137.61</b>

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 40 EARNINGS PER SHARE

#### (a) Basic :

Profit / (Loss) after Tax	(30,376.60)	(11,422.06)
Less: Dividend on Preference Shares (Including Dividend distribution Tax)	—	131.19
Adjusted net profit for the year (A)	(30,376.60)	(11,553.25)
Weighted Average number of equity shares outstanding (B)	45,677,151	31,718,476
Basic EPS (Rs.) (A/B)	(66.50)	(36.42)

#### (b) Diluted :

Profit / (Loss) after Tax	(30,376.60)	(11,422.06)
Less: Dividend on Preference Shares (Including Dividend distribution Tax)	—	131.19
Adjusted net profit for the year (A)	(30,376.60)	(11,553.25)
Weighted Average number of equity shares outstanding (B)	45,677,151	31,718,476
Add : Weighted average number of potential equity shares on account of share warrant (C)	— *	<b>39,041</b>
Weighted average number of shares outstanding for diluted EPS (D = B+C)	45,677,151	31,757,517
Diluted EPS (Rs.) (A/D)	(66.50)	(36.38)

\* The share warrants, being anti-dilutive, have not been considered for calculation of Diluted Earnings Per Share.

## Notes to the Financial Statements for the year ended 31.03.2016

### 41 PROVISION FOR ONEROUS CONTRACTS

The Company is engaged in the business of executing projects on turnkey basis. Progress in some such contracts had suffered for various reasons and mostly beyond the control of the Company. Against these contracts, the Company as a measure of abundant precaution decided to make an omnibus provision of Rs. 75 Crores in 2013-14 to take care of any future losses that may arise. During the years 2014-15 and 2015-16 expenses amounting to Rs. 61 and Rs. 14 crores respectively have been incurred on these projects. Consequently, the respective project costs have increased and provision on onerous contract written back.

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>42 INFORMATION IN ACCORDANCE WITH AS-7 CONSTRUCTION CONTRACTS, IN RESPECT OF CONTRACTS IN PROGRESS AS AT YEAR END DATE</b>		
(i) Contract costs incurred	1,367,117.74	1,188,335.37
Add: Recognised profits net of recognised losses	<u>70,454.21</u>	<u>76,533.00</u>
Contract Revenues	<u>1,437,571.95</u>	<u>1,264,868.37</u>
Progress billing	<u>1,280,637.05</u>	<u>1,142,771.49</u>
Unbilled revenue (Net)	<u>156,934.90</u>	<u>122,096.88</u>
Due from customers	<u>158,973.29</u>	<u>125,198.42</u>
Due to customers	<u>(2,038.39)</u>	<u>(3,101.54)</u>
Advance payments received	<u>61,903.07</u>	<u>55,075.13</u>
Amount of retentions	<u>85,431.48</u>	<u>75,293.90</u>
(ii) Sale of equipments and contract revenue as reported in this accounts is in proportion to the actual costs incurred on such contracts to their estimated cost. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.		
(iii) The company has made provision, as required under Accounting Standards, for material foreseeable losses on long term contracts.		

### 43 RELATED PARTY DISCLOSURES

Related party disclosures as required by Accounting Standard 18 on "Related Party Disclosures" are given below:  
**Relationships**

- (a) Subsidiaries of the Company :
  - (i) McNally Sayaji Engineering Limited ( MSEL )
  - (ii) McNally Bharat Equipments Limited (MBEL)
  - (iii) McNally Bharat Infrastructure Limited (MBIL)
  - (iv) MBE Mineral Technologies Pte Limited (formerly MBE Holdings Pte Limited)
  - (v) MBE Minerals Zambia Ltd
  - (vi) McNally Bharat Engineering (SA) Proprietary Ltd
- (b) Joint Venture of the Company
  - (i) EMC MBE Contracting Co LLC\*
- (c) Entity having significant influence over the company
  - (i) EMC Ltd
- (d) Subsidiaries of MBE Mineral Technologies Pte Limited :
  - (i) MBE EWB Technologies Kft
- (e) Subsidiaries of McNally Sayaji Engineering Limited :
  - (i) MBE Coal & Minerals Technology, India Pvt. Ltd. (formerly Humboldt Wedag Minerals India Pvt. Ltd.)\*\*
- (f) Joint Venture of McNally Sayaji Engineering Limited ;
  - (i) McNally Sayaji NFLG Construction Equipment Co. Private Limited
- (g) Associates of MBE Mineral Technologies Pte Limited :
  - (i) MBE Coal & Minerals Technologies GmbH
- (h) Key Management Personnel :
  - (ii) Mr. Prasanta Kumar Chandra - Whole-time Director & COO
  - (iii) Mr. Prabir Ghosh- Whole-time Director & Group CFO

\* Entered into joint venture on September 02, 2015.

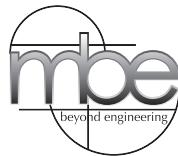
\*\*Sold to McNally Sayaji Engineering Ltd on December 30, 2015

## Notes to the Financial Statements for the year ended 31.03.2016

Description	(All figures in Rs. Lacs, unless otherwise stated)					
	MBE Coal & Mineral Technology India Pvt Ltd	MBE Mineral Technologies Pte Ltd, Singapore	EMC MBE Contracting Co. LLC Oman	MBE Coal & Minerals Technology GmbH	MBE EWB Technological Kit, Hungary	McNally Sayaj Engineering Limited
Purchase of Materials and components	-	-	-	-	-	3,049.79 (4,260.25)
Rendering of services	-	(473.00)	-	-	-	(136.83)
Purchase of services	-	-	-	-	-	-
Sale of goods / contracts	-	-	-	-	94.05 (319.35)	-
Bank Charges Reimbursed	-	(0.07)	-	-	-	-
Rent paid	-	(36.63)	-	-	-	-
Loan Given	-	2,143.74 (2,801.48)	-	-	34.00 (78.10)	-
Loan Taken	-	-	-	-	2,124.85	-
Loans repaid	-	-	(61.15)	-	-	-
Guarantee given	-	(2,500.00)	-	10.28 (46.67)	-	-
Guarantee Charges received	-	9.86 (6.99)	-	-	-	-
Guarantee received	-	-	-	-	6,200.00	-
Standby Letter of Credit given	-	-	-	(2,006.70)	-	-
Investments made	-	-	152.31	-	2,700.00	-
Sale of Investment	-	-	-	-	-	-
Interest received on loan	-	522.84 (184.81)	-	-	-	-
Advance given	-	64.27	-	-	-	-
Electricity	-	-	-	763.47	-	-
Other Items	(1.73)	-	-	352.53	-	-
Interest Paid	(7.25)	(66.46)	-	-	-	-
<b>Balances Outstanding as at 31.03.2016</b>						
Investments Outstanding	-	2,550.74 (2,550.74)	152.31	-	15,343.11 (15,343.11)	-
Outstanding on account of Standby Letter of Credit given	-	(1,909.78)	-	(2,006.70)	-	-
Guarantees Received Outstanding	-	-	-	-	6,200.00 (3,354.00)	-
Guarantees Outstanding	-	-	-	-	7,387.50 (5,288.70)	-
Outstanding payables	-	3,500.00 (3,500.00)	-	-	3,735.62 (5,332.03)	-
Outstanding Receivables	-	237.36 (131.95)	-	1.24 (1.12)	26.79	-
	-	6,850.10 (3,880.28)	64.27	-	(18.52)	-
	-	-	-	-	-	-
					1,00 (1.00)	1,244.09 (1,132.03)
					-	1,384.85 (1,195.66)
					-	2.00
					-	0.13 (0.13)
					-	15.00
					-	39.55 (37.33)

Figures in bracket are for the year ended 31st March 2015

### I) Relating to parties referred in (a), (b), (c) & (d) above.



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### (II) Relating to parties referred in (h) above

Remuneration Paid :

Mr. Deepak Khaitan	336.16
Mr. Prasanta Kumar Chandra	109.66
Mr. Prabir Ghosh	115.30

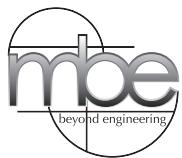
(III) During the year 2014-15, remuneration paid to Late Mr. Deepak Khaitan, the erstwhile Executive Chairman of the Company, was in excess of the maximum limit prescribed in Schedule V of the Companies Act, 2013. The members of the Company vide a special resolution adopted at their meeting held on 30.07.2015, waived the recovery of such excess remuneration. The Company thereafter applied to the Central Government for approval of waiver of recovery of such Excess remuneration; the final reply for the said application is awaited.

## 44 LEASES

### As a Lessee

The company has significant operating leases for premises. These lease arrangements include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable term. The aggregate lease rentals payable are charged as Rent under Note No. 27. With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

Not later than one year	408.42	396.11
Later than one year and not later than five years	1,018.88	1,427.30
Later than five years	—	—



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 45 EMPLOYEE BENEFIT EXPENSES

#### A. Gratuity (Funded)

The Company operates a gratuity plan through the "McNally Bharat Executive Staff Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

##### (i) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation

(a) Present Value of Obligation at the beginning of the year	578.33	555.08
(b) Current Service Cost	69.83	83.64
(c) Interest Cost	44.86	51.00
(d) Actuarial (Gains)/Losses	(37.09)	(17.33)
(e) Benefits Paid	(115.70)	(94.06)
(f) Present Value of Obligation at the end of the year	<b>540.23</b>	<b>578.33</b>

##### (ii) Reconciliation of the Opening and Closing balances of Plan Assets

(a) Fair Value of Plan Assets at the beginning of the year	558.21	536.80
(b) Expected Return on Plan Assets	42.05	49.28
(c) Actuarial Gains/(Losses)	(8.27)	(12.65)
(d) Contributions by employer	18.57	78.83
(e) Benefits paid	(115.70)	(94.05)
(f) Fair Value of Plan Assets at the end of the year	<b>494.86</b>	<b>558.21</b>

##### (iii) Amount recognised in current year and previous four years

	2015-16	2014-15	2013-14	2012-13	2011-12
(a) Present Value of Obligation as at the end of the year	540.23	578.33	555.08	609.29	611.43
(b) Fair Value of Plan Assets as at the end of the year	494.86	558.21	536.80	462.00	365.63
(c) Liabilities recognized in the Balance Sheet	(45.37)	(20.12)	(18.27)	(147.28)	(245.80)
(d) Experience (Gain)/loss adjustments on plan liabilities	(37.09)	(17.33)	(70.37)	(102.23)	2.95
(e) Experience Gain/(loss) adjustments on plan assets	(8.27)	(12.65)	(3.75)	1.35	(0.37)

##### (iv) Expense recognised in the Statement of Profit and Loss

(a) Current Service Cost	69.83	83.64
(b) Interest Cost	44.86	51.00
(c) Expected Return on Plan Assets	(42.05)	(49.28)
(d) Actuarial (Gains)/Losses on Defined Benefit Obligation	(37.09)	(17.33)
(e) Actuarial Losses/(Gains) on Plan Assets	8.27	12.65
(f) Total Expense recognized	<b>43.82</b>	<b>80.68</b>

##### (v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

(a) Fund with Life Insurance Corporation of India (LICI) (break-up by investment type is not available from LICI)	93.70	96.10
(b) Balance with Bank	6.30	3.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

##### (vi) Actual Return on Plan Assets

	33.78	36.63
--	-------	-------

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

**B Principal Actuarial Assumptions made by the actuary for valuation of the above mentioned employee benefits**

(a) Discount Rate ( Per annum )	8.00%	8.00%
(b) Expected Rate of Return on Plan Assets ( Per annum )	8.00%	9.00%
(c) Rate of Salary Increase (Per annum)	4.00%	4.00%
(d) Mortality Rate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate

**C** The estimates of future salary increases, considered in actuarial valuation, 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..

**D** The fair value of plan asset have been segregated between the Company and the erstwhile product division of MBECL now a part of McNally Sayaji Engineering Limited on the basis of the present value of the obligations as at the end of the year.

**E Provident Fund**

Provident fund for certain eligible employees is managed by the Company through the "McNally Bharat Employees Provident Fund" in line with the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving employers established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no additional liability as at 31st March, 2016, in respect of interest rate guarantee . The Company has contributed amount of Rs. 412.88 Lacs towards Provident Fund during the year 2015-16 (2014-15 Rs. 473.42 Lacs)

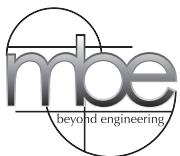
**F Principal Actuarial Assumptions made by the actuary for valuation of the above employee benefit**

As at March 31, 2016	As at March 31, 2015
(a) Discount Rate ( Per annum )	8.00%
(b) Expected Rate of Return on Plan Assets ( Per annum )	8.80%
(c) Return on EPFO	8.75%
(d) Mortality Rate	Indian Assured Lives Mortality (2006-08) ultimate

**G** Disclosures included are limited to the extent of disclosures provided by the actuary

**H Company's best estimate of contribution expected to be paid to the Funds in the next year**

Gratuity Fund	90.34	224.24
Provident Fund	391.84	401.85



## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

### 46 CLASSIFICATION OF LONG TERM BORROWINGS

	Classified as Non Current		Classified as Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>Secured :</b>				
Term Loan				
From Banks in Foreign Currency	1,168.48	2,207.10	2,103.25	1,765.68
From Bank in Indian Rupee	23,562.50	1,562.94	14,565.67	2,786.39
From Others	—	—	—	1.59
Unsecured :				
From Others	—	1,014.94	7,499.85	6,484.00
	<u>24,730.98</u>	<u>4,784.98</u>	<u>24,168.77</u>	<u>11,037.66</u>

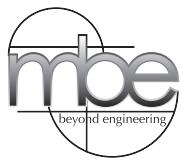
#### (a) Repayment terms and nature of securities given for Long Term Borrowings are as follows :

Name of Lender	Type	Non Current Portion	Current Portion	As at March 31, 2016	Non Current Portion	Current Portion	As at March 31, 2015	Nature of Security	Repayment Terms
ICICI Bank Ltd.	Bank	1,168.48	2,103.25	3,271.73	2,207.10	1,765.68	3,972.78	First charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility	The Borrower shall repay the total drawn down amount in ten semi annual installments commencing from the end of 30 months from the date of first drawdown.
ICICI Bank Ltd.	Bank	312.50	2,812.50	3,125.00	1,562.50	2,771.50	4,334.00	First pari passu charge (pari passu with Development Credit Bank) on moveable assets/equipments both present and future excluding those which are exclusively charged to other lenders with minimum asset cover of 1.10 times on the outstanding facility.	16 quarterly installments starting at the end of 15 months from the date of first disbursement i.e., 30th Sept. 2014.
Tata Capital Ltd. Non Bank	—	—	—	—	—	1.59	1.59	Secured by hypothecation of asset acquired out of the said loan	Repayable in 36 monthly equated installments.
HDFC Bank Ltd.	Bank	—	3.17	3.17	0.44	14.89	15.33	Secured by hypothecation of asset acquired out of the said loan	Repayable in 36 monthly equated installments.
IndusInd Bank Ltd	Bank	11,250.00	8,750.00	20,000.00	—	—	—	Subservient charge on all movable fixed assets & current assets of the Company both present & future providing min cover of 1.25 times. Corporate Guarantee from Williamson Magor & Co. Limited	Repayable in 16 quarterly between starting September 30 2016 and ending on June 30 2020
RBL Bank Ltd	Bank	12,000.00	3,000.00	15,000.00	—	—	—	Subservient charge by way of hypothecation over the Current Assets and movable Fixed Assets of the Company. Corporate Guarantee from Williamson Magor & Co. Limited	Repayable in 16 quarterly between starting May 17 2017 and ending on February 17 2021
Aditya Birla Finance Ltd	Non Bank	—	7,499.85	7,499.85	1,014.94	6,484.00	7,498.94	Unsecured	Loan will be repaid in following installments: Due date      Amount (Rs) 30.09.16      4,981.00 31.03.17      762.00 30.09.17      810.00 31.12.17      946.85
		<u>24,730.98</u>	<u>24,168.77</u>	<u>48,899.75</u>	<u>4,784.98</u>	<u>11,037.66</u>	<u>15,822.64</u>		<u>7,499.85</u>

(b) Other than the delay of 1 day towards repayment of Rs. 3,12,50,000 ICICI Bank, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

## Notes to the Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)					
	Classified as Non Current		Classified as Current		
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
<b>47 CLASSIFICATION OF PROVISION FOR EMPLOYEE BENEFITS</b>					
Provision for Gratuity	—	—	45.37	20.12	
Provision for Privileged Leave Encashment	418.74	447.65	155.65	177.78	
Provision for Other Employee Benefits	<u>185.04</u>	<u>211.72</u>	<u>152.99</u>	<u>73.48</u>	
	<u>603.78</u>	<u>659.37</u>	<u>354.01</u>	<u>271.38</u>	
<b>48 CLASSIFICATION OF PROVISION FOR TAX :</b>					
Provision for Tax	5,296.19	5,804.28	—	—	
	<u>5,296.19</u>	<u>5,804.28</u>	<u>—</u>	<u>—</u>	
<b>49 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE</b>					
	(All figures in Rs. Lacs, unless otherwise stated)				
	<u>As at March 31, 2015</u>		<u>As at March 31, 2014</u>		
(a) The Company uses Forward Exchange and other derivative Contracts like range forward to hedge its exposures in foreign currency. The information on such contracts outstanding as at year end are as follows:					
Loans	USD 340.16	Rs.22,712.33	USD 63.00	Rs. 3,972.78	
(b) Foreign Exchange Currency Exposures recognised by the Company that have not been hedged by a Derivative Instrument or otherwise as at year end:					
Payables	USD 4.97	Rs. 331.71	USD 0.66	Rs. 41.49	
	EUR 36.35	Rs. 2,754.96	EUR 1.75	Rs. 119.97	
	ZAR 0.47	Rs. 2.13	ZAR 6.61	Rs. 35.05	
Payable to Subsidiaries	USD 8.77	Rs. 585.65	USD 4.50	Rs. 283.77	
	EUR 0.44	Rs. 33.62	EUR 0.46	Rs. 31.47	
Payable to Associates	EUR 0.02	Rs. 1.24	EUR —	Rs. —	
Advance to Vendors	USD 5.14	Rs. 339.01	USD 0.02	Rs. 1.24	
	EUR 20.04	Rs. 1,485.97	EUR 1.42	Rs. 94.96	
Advance to Subsidiaries	USD 0.83	Rs. 54.38	USD 0.61	Rs. 37.95	
Advance to Joint Venture of the Company	USD 0.98	Rs. 64.27	USD —	Rs. —	
Receivables	EUR 5.13	Rs. 380.62	EUR 5.13	Rs. 343.31	
Advance from Customers	USD 19.72	Rs. 1,316.75	USD 19.72	Rs. 1,243.54	
	ZAR 150.00	Rs. 682.50	ZAR 150.00	Rs. 795.00	
Advance from Subsidiaries	USD 0.03	Rs. 2.32	USD 0.03	Rs. 2.19	
	EUR 0.33	Rs. 25.07	EUR —	Rs. —	
Loans	USD 49.00	Rs. 3,271.73	USD 30.21	Rs. 1,905.04	
	EUR —	Rs. —	EUR 10.70	Rs. 732.09	
Recoverable from Subsidiaries	USD 134.10	Rs. 8,839.99	USD 86.94	Rs. 5,409.41	
(c) <b>Mark to market losses :</b>	<u>As at 31.03.16</u>		<u>As at 31.03.15</u>		
Mark to market losses provided for	—		108.33		



## Notes to the Financial Statements for the year ended 31.03.2016

50 The Board of McNally Bharat Engineering Co. Ltd., along with the respective Boards of EMC Ltd. McNally Sayaji Engineering Ltd and Kilburn Engineering Ltd in their meetings held on March 31, 2016 have decided to amalgamate all the companies into Kilburn Engineering Ltd.

The new merged entity under the scheme shall be renamed as McNally Bharat Engineering Limited and shall emerge as total Engineering Solution Provider.

The merger have been decided to achieve 1) Lesser susceptibility to economic downturn and business slump to be derived from consolidation entities and diversification of expertise under single entity, 2) combining resources to attain economies of scale, 3) increased efficiency by eliminating duplication of costs and creating common pool of resources, 4) increasing productivity through streamlining of resources and focus, 5) attaining critical size required for pre-qualification for bidding in large infrastructure projects, 6) create a large asset pool and increase balance sheet size to pool cash flow and improving capital raising prospect.

The required application for permission have already filed with Competition Commission of India and relevant stock exchanges. Respective secured lenders have in-principle agreed to support the scheme in the consortium meetings called by all the companies and formal application for no objection from each of the secured lenders have been made.

The scheme will be filed to the honorable High Court of Calcutta on receipt of approval from stock exchanges expected in middle of June 2016

### 51 SEGMENT REPORTING

The Company has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Company is primarily determined by the nature of activities. There is no geographical segment.

The business segment have been identified on the basis of the nature of activity the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The business segment comprises of the following:

- (i) Sale of Steel-Trading.
- (ii) Construction Contracts.

## Notes to the Financial Statements for the year ended 31.03.2016

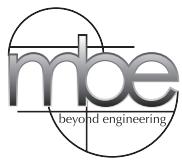
Primary Segment-Business Segment	Year Ended Mar 31,2016			Year Ended Mar 31,2015				
	Construction Contracts	Trading	Total	Total Company	Construction Contracts	Trading	Total	Total Company
Revenue from Operation	185,400.06	55,934.56	241,334.62	241,334.62	195,170.11	21403.19	216,573.30	216,573.30
Less: Inter-segment sales (made at cost)	–	–	–	–	–	–	–	–
<b>Total</b>	<b>185,400.06</b>	<b>55,934.56</b>	<b>241,334.62</b>	<b>241,334.62</b>	<b>195,170.11</b>	<b>21403.19</b>	<b>216,573.30</b>	<b>216,573.30</b>
Other operating Revenue	367.64	–	367.64	367.64	367.64	437.95	437.95	437.95
<b>185,767.70</b>	<b>55,934.56</b>	<b>241,702.26</b>	<b>241,702.26</b>	<b>195,608.06</b>	<b>21403.19</b>	<b>217,011.25</b>	<b>217,011.25</b>	<b>217,011.25</b>
Segment Result [ Profit/(Loss) after considering other income and before interest and tax	697.83	-107.39	590.43	590.43	11,353.71	-75.95	11,277.75	11,277.75
Interest and Other borrowing cost	–	–	–	31,747.42	780.39	–	22,519.48	(180.33)
Other Unallocated Income (Net of expenditure)	–	–	–	(30,376.60)	432,672.38	334,552.36	1,859.69	(11,422.06)
Profit/(Loss) Before Tax	420,362.50	12,309.88	432,672.38	40,738.50	40,738.50	–	336,412.05	336,412.05
Segment Assets	–	–	–	–	–	–	–	–
Unallocated Asset	–	–	–	–	–	–	–	–
<b>Total Asset</b>	<b>164,780.32</b>	<b>36,532.80</b>	<b>201,313.13</b>	<b>201,313.13</b>	<b>153,571.76</b>	<b>14,557.97</b>	<b>168,129.73</b>	<b>168,129.73</b>
Segment Liabilities	–	–	–	–	–	–	–	–
Unallocated Liabilities	–	–	–	260,747.76	260,747.76	–	171,320.59	171,320.59
<b>Total Liability</b>	<b>193.62</b>	<b>–</b>	<b>193.62</b>	<b>193.62</b>	<b>696.43</b>	<b>–</b>	<b>696.43</b>	<b>696.43</b>
Capital Expenditure	–	–	0.32	0.32	–	–	9.10	9.10
Unallocated Capital Expenditure	–	–	–	–	–	–	–	–
<b>Total</b>	<b>2,243.06</b>	<b>–</b>	<b>2,243.06</b>	<b>5.96</b>	<b>2,243.06</b>	<b>2,903.78</b>	<b>–</b>	<b>705.53</b>
Segment Depreciation and amortisation	–	–	–	5.96	5.96	–	7.79	7.79
Unallocated Segment Depreciation and amortisation	–	–	–	–	–	–	–	–
<b>Total</b>	<b>3,985.38</b>	<b>–</b>	<b>3,985.38</b>	<b>3,985.38</b>	<b>2,635.44</b>	<b>–</b>	<b>2,635.44</b>	<b>2,635.44</b>
Non cash expenditure other than depreciation and amortisation included in segment expenses	–	–	–	–	–	–	–	–
Unallocated Non cash expenditure other than depreciation and amortisation included in segment expenses	–	–	–	–	–	–	–	–
<b>Total</b>	<b>3,985.38</b>	<b>–</b>	<b>3,985.38</b>	<b>3,985.38</b>	<b>2,635.44</b>	<b>–</b>	<b>2,635.44</b>	<b>2,635.44</b>

52 Previous year's figures have been rearranged and / or regrouped wherever necessary to make them comparable with that of current year.

Signatories to notes 1 to 52

For Lovelock & Lewes  
Firm Registration Number 301056E  
Chartered Accountants  
Prabal Kr. Sarkar  
Partner  
Membership No. 52340  
Kolkata, 30th May, 2016

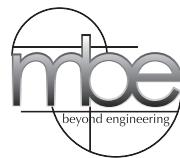
Aditya Khaitan - Chairman  
Prasanta Kumar Chandra - Wholetime Director & COO  
Prabir Ghosh - Wholetime Director & Group CFO  
Dibakar Chatterjee - Company Secretary



## Cash Flow Statement for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Profit/(Loss) Before Tax	(30,376.60)	(11,422.06)
<b>Adjustments for:</b>		
Depreciation	2,249.02	2,911.57
Finance Cost	31,747.42	22,519.48
Interest Income	(669.20)	(375.08)
Dividend Income	(0.44)	(0.82)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(2.72)	73.37
Loss/(Profit) on Sale of Long Term Trade Investment	(790.22)	–
Bad Debts Written Off	3,901.40	2,628.36
Advance from customer written back	(907.03)	–
Liability no longer required written back	(33.05)	–
Unrealised (gain)/ loss on Derivative Contracts	–	(17.54)
Provision for Future Foreseeable Losses in Construction Contracts	83.97	7.08
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	(319.95)	(257.61)
Provision for Loss on Derivatives -No longer required written back	(108.33)	–
Provision for Onerous Contracts written back	(1,400.00)	33,750.88 (6,100.00) 21,388.81
<b>Operating profit/(loss) before working capital changes</b>	<b>3,374.28</b>	<b>9,966.75</b>
<b>Adjustments for changes in Working Capital :</b>		
(Increase) / Decrease in Trade & Other Receivables	(102,129.25)	(46,370.95)
(Increase) / Decrease in Inventories	(2,076.16)	(3,393.81)
(Increase) / Decrease in Other Bank Balance	1.27	(187.02)
Increase / (Decrease) in Trade payables & Other Payables	58,870.58 (45,333.56)	5,750.84 (44,200.94)
<b>Cash generated from/(used in) operations</b>	<b>(41,959.28)</b>	<b>(34,234.19)</b>
Direct Taxes Paid (Net of Refund Received)	(1,855.07)	(2,404.99) (2,404.99)
<b>Net cash generated from/(used in) operating activities</b>	<b>(43,814.35)</b>	<b>(36,639.18)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(193.96)	(1,095.27)
Sale of Fixed Assets	17.93	52.01
Interest Received	669.20	375.08
Dividend Received	0.44	0.82
Purchase of Investments in Joint Venture	(152.31)	–
(Increase) / Decrease in Fixed Deposit	(1,550.25) (1,208.94)	181.38 (485.98)
<b>Net cash from/(used in) investing activities</b>	<b>(1,208.94)</b>	<b>(485.98)</b>



## Cash Flow Statement for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Finance Cost Paid (including Interest Paid)	(32,350.02)	(18,792.57)
Proceeds from issue of Share Warrants	—	750.00
Proceeds from issue of Shares	1,000.00	950.00
Security Premium on issue of Equity Shares (Net of expenses)	9,364.85	8,523.00
Proceeds from Long Term Borrowings	35,000.00	—
Repayment of Long Term Borrowings	(1,922.89)	(797.90)
Proceeds from Short Term Borrowings	161,715.08	94,085.79
Repayment of Short Term Borrowings	(124,254.19)	(49,708.83)
Increase/(decrease) in Book Overdraft in Current Account with Banks	(3,431.13)	4,016.52
Dividend paid (Including tax thereon)	<u>(137.71)</u>	<u>44,983.98</u>
<b>Net cash from/(used in) financing activities</b>	<b>44,983.98</b>	<b>38,892.38</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(39.30)</b>	<b>1,767.22</b>
<b>Cash and cash equivalents (Opening balance)</b>	<b>4,478.23</b>	<b>2,711.01</b>
<b>[Refer note 2 below]</b>		
<b>Cash and cash equivalents (Closing balance)</b>	<b>4,438.93</b>	<b>4,478.23</b>
<b>[Refer note 2 below]</b>		

### Notes:

1) The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 on Cash Flow Statements.

2) Cash and Cash Equivalents comprise :

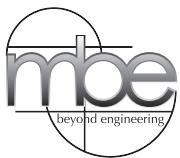
	31.03.2016	31.03.2015
Cash on Hand	72.84	147.45
Remittance in Transit	—	28.30
Bank Balances in Current Account	4,366.09	4,302.48
	<u>4,438.93</u>	<u>4,478.23</u>

3) Previous year's figure have been rearranged and/or regrouped wherever necessary.

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

For Lovelock & Lewes  
Firm Registration Number 301056E  
Chartered Accountants  
**Prabal Kr. Sarkar**  
Partner  
Membership No. 52340  
Kolkata, 30th May, 2016

<b>Aditya Khaitan</b>	- Chairman
<b>Prasanta Kumar Chandra</b>	- Wholetime Director & COO
<b>Prabir Ghosh</b>	- Wholetime Director & Group CFO
<b>Dibakar Chatterjee</b>	- Company Secretary



## Independent Auditors' Report

To the Members of McNally Bharat Engineering Company Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of McNally Bharat Engineering Company Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its jointly controlled entity and associate company; (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and jointly controlled entity in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and jointly controlled entity respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9 of the Other Matters paragraph below, other than the unaudited financial information as certified by the management and referred to in subparagraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

### Basis for Qualified Opinion

7. We draw your attention to the following qualifications to the audit opinion of the financial statements of MBE Minerals Technologies Pte Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants vide its Report dated May 27, 2016 reproduced by us as under:

1. On 24th of March 2015, the Company sold its investment in subsidiary for Euro 14,000,000. As per terms of agreement with the buyer, the consideration is to be received on or before 30th September 2015. A new agreement signed with buyer on 7th January 2016 which states that the Euro 1,000,000 will be paid by 30th June 2016 and balance of Euro 13,000,000 by 30th September 2016. As this is after the date of our audit report we are not in a position to determine whether any provision is required for doubtful debts. As the sales consideration was not received by the Company till to date, we are not in a position to determine that whether the sale of subsidiary is constitute valid transaction and accordingly we are not in a position to comments if any needed to the financial statements.
2. The Company's trade receivables of US\$803,972 and other receivables of US\$19,988,800 have not been received for over one year. The management considers the receivable will be fully received and hence no provision for doubtful debts has been made in the financial statements. However, we have not found any substantive evidence or alternative audit procedure to go along with the view of the management. We are not in a position to establish the amount to be provided in the financial statement towards bad and doubtful debts if any."

#### **Qualified Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and except for the effects of the matters referred to in the Basis for Qualified Opinion paragraph above, give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

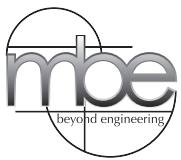
#### **Other Matter**

9. We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs. 19,003 Lacs and net assets of Rs. 16,996 Lacs as at March 31, 2016, total revenue of Rs. 2,996 Lacs, net loss of Rs. 480 Lacs and net cash flows amounting to Rs. 140 Lacs 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. 64 Lacs for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.
10. We did not audit the financial information of one jointly controlled entity whose financial information reflect total assets of Rs. 152 Lacs and net assets of Rs. 152 Lacs as at March 31, 2016, total revenue of Rs. NIL, net profit of Rs. NIL and net cash flows amounting to Rs. 56 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this jointly controlled entity and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.



- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group, its associate and jointly controlled entity – Refer Note 37 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2016- Refer (a) Note 44 to the consolidated financial statements in respect of such items as it relates to the Group, its associate and jointly controlled entity and (b) the Group's share of net loss in respect of its associate.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2016.

**For Lovelock & Lewes**

Firm Registration No. 301056E

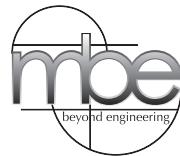
Chartered Accountants

**Prabal Kr. Sarkar**

Partner

Membership No: 52340

Kolkata, 1st June 2016



## Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of McNally Bharat Engineering Company Limited on the consolidated financial statements for the year ended March 31, 2016.

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of McNally Bharat Engineering Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

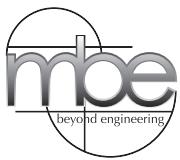
### Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Lovelock & Lewes  
Firm Registration No. 301056E  
Chartered Accountants  
Prabal Kr. Sarkar  
Partner  
Membership No: 52340



## Consolidated Balance Sheet As At 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	Note No	As at March 31, 2016	As at March 31, 2015
<b>I EQUITY AND LIABILITIES</b>			
1 Shareholders' funds			
(a) Share capital	3	6,084.38	5,034.38
(b) Reserves and surplus	4	5,890.60	30,232.30
(c) Money received against Share warrants	45	625.00	750.00
2 Minority Interest		3,750.02	4,176.81
3 Non-current liabilities			
(a) Long-term borrowings	5	31,197.88	8,890.49
(b) Other Long term liabilities	6	127.88	153.81
(c) Long-term provisions	7	6,873.63	7,335.42
4 Current liabilities			
(a) Short-term borrowings	8	189,240.52	155,888.18
(b) Trade payables	9		
(i) Total outstanding dues of micro enterprises and small enterprises and		1,027.60	326.19
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		127,913.65	108,891.78
(c) Other current liabilities	10	134,824.10	91,680.50
(d) Short-term provisions	11	1,960.36	3,363.07
<b>TOTAL</b>		<b>509,515.62</b>	<b>416,722.93</b>
<b>II ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	27,073.46	29,808.48
(ii) Intangible assets	12	1,903.13	1,598.41
(iii) Capital work-in-progress		494.11	903.76
(b) Non-current investments	13	2,818.11	2,676.01
(c) Deferred tax assets (net)	28	112.70	237.38
(d) Long-term loans and advances	14	11,471.58	6,448.32
(e) Other non-current assets	15	625.53	632.27
2 Current assets			
(a) Inventories	16	30,031.88	26,712.85
(b) Trade receivables	17	172,611.95	153,558.00
(c) Cash and Bank Balances	18	7,017.10	6,106.79
(d) Short-term loans and advances	19	71,212.60	61,979.90
(e) Other current assets	20	184,143.47	126,060.76
<b>TOTAL</b>		<b>509,515.62</b>	<b>416,722.93</b>

The notes are an integral part of these financial statements.

This is the Consolidated Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes

Firm Registration Number 301056E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership No. 52340

Kolkata, 1st June 2016

Aditya Khaitan

Prasanta Kumar Chandra

Prabir Ghosh

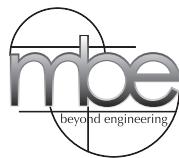
Dibakar Chatterjee

- Chairman

- Wholetime Director & COO

- Wholetime Director & Group CFO

- Company Secretary



## Consolidated Statement of Profit and Loss For The Year Ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	Note No	Year Ended March 31, 2016	Year Ended March 31, 2015
I Sale of Equipment & Contract Revenue	21	264,735.81	241,624.52
Sale of Services		1,135.31	2,479.30
Other Operating Revenues		613.04	1,173.53
		266,484.16	245,277.35
Less: Excise Duty		3,087.03	2,303.92
		263,397.13	242,973.43
II Other Income	22	3,248.84	10,107.05
III Total Revenue (I+II)		<b>266,645.97</b>	<b>253,080.48</b>
<b>Expenses :</b>			
IV Cost of materials consumed	23	95,071.79	99,596.22
Purchase of traded goods	23	57,142.04	21,879.69
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	27	(1,003.58)	358.00
Outsourcing expenses to outsiders for job work		61,907.69	60,526.38
Employee benefit expenses	24	15,058.40	18,482.01
Finance cost	25	34,728.86	25,493.42
Depreciation and amortization expenses	12	3,844.65	4,620.93
Other expenses	26	35,133.06	35,976.00
<b>Total Expenses</b>		<b>301,882.91</b>	<b>266,932.66</b>
V Profit/(Loss) before provision for onerous contract items, exceptional items and tax (III - IV)		(35,236.94)	(13,852.17)
VI Provision for onerous contracts written back	43	(1,400.00)	(6,100.00)
		(1,400.00)	(6,100.00)
VII Profit / (Loss) before tax (V - VI)		(33,836.94)	(7,752.17)
VIII Tax Expense :			
(1) Current Tax		44.29	155.38
(2) Deferred Tax		125.44	211.13
		169.73	366.51
IX Profit / (Loss) after tax before minority interests and share of results of Associate (VII - VIII)		(34,006.67)	(8,118.68)
X (1) Minority Interest		(426.79)	(713.75)
(2) Share of (profit) /Loss of Associate		64.10	22.90
		(362.69)	(690.85)
XI Profit /(Loss) for the period (IX - X)		(33,643.98)	(7,427.83)
XII Earnings Per Equity Share :	39		
[Nominal Value per share : Rs. 10 (2015: Rs.10)]			
(1) Basic (Rs.)		(73.66)	(23.83)
(2) Diluted (Rs.)		(73.66)	(23.80)

The notes are an integral part of these financial statements.

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

For Lovelock & Lewes

Firm Registration Number 301056E  
Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership No. 52340  
Kolkata, 1st June 2016

Aditya Khaitan

Prasanta Kumar Chandra

Prabir Ghosh

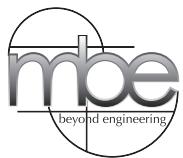
Dibakar Chatterjee

- Chairman

- Wholetime Director & COO

- Wholetime Director & Group CFO

- Company Secretary



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 1 DISCLOSURE RELATING TO ENTITIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS

- (i) The Consolidated financial statement represents consolidation of accounts of McNally Bharat Engineering Company Limited (the Company) and its following subsidiaries.

Sl. No.	Name of the Company	Country of incorporation	As At 31.03.2016		As At 31.03.2014	
			Proportion of Ownership interest	Reporting Dates	Proportion of Ownership interest	Reporting Dates
1	McNally Sayaji Engineering Limited	India	74.86%	31-Mar-16	74.86%	31-Mar-15
2	McNally Bharat Equipments Limited	India	99.40%	31-Mar-16	99.40%	31-Mar-15
3	McNally Bharat Infrastructure Limited	India	99.40%	31-Mar-16	99.40%	31-Mar-15
4	MBE Minerals Zambia Limited	Zambia	99.99%	31-Mar-16	99.99%	31-Mar-15
5	MBE Mineral Technologies Pte Limited	Republic of Singapore	100.00%	31-Mar-16	100.00%	31-Mar-15
6	McNally Bharat Engineering (SA) Proprietary Ltd	South Africa	100.00%	31-Mar-16	100.00%	31-Mar-15
7	MBE Coal & Mineral Technology India Pvt Ltd (subsidiary of McNally Sayaji Engg Ltd w.e.f 30th Dec, 2015)	India	99.99%	31-Mar-16	99.99%	31-Mar-15
8	MBE EWB Konyezetvedelmi Kft (subsidiary of MBE Mineral Technologies Pte Ltd)	Hungary	99%	31-Mar-16	99%	31-Mar-15

- (ii) The Consolidated financial statement represents consolidation of accounts of McNally Bharat Engineering Company Limited (the Company) and its following Associate :

Sl. No.	Name of the Company	Country of incorporation	As At 31.03.2016		As At 31.03.2015	
			Proportion of Ownership interest	Reporting Dates	Proportion of Ownership interest	Reporting Dates
1	MBE Coal & Mineral Technology Gmbh (Associate of MBE Mineral Technologies Pte Limited)	Germany	30%	31-Mar-16	30%	31-Mar-15

- (iii) The Consolidated financial statement represents consolidation of accounts of McNally Bharat Engineering Company Limited (the Company) and its following Jointly Controlled Entity :

Sl. No.	Name of the Company	Country of incorporation	As At 31.03.2016		As At 31.03.2015	
			Proportion of Ownership interest	Reporting Dates	Proportion of Ownership interest	Reporting Dates
1	EMC MBE Contracting Co LLC	Oman	35%	31-Mar-16	N.A.	N.A.

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 1 General Information

McNally Bharat Engineering Company Ltd (MBE) is a leading Engineering Turnkey Project Execution Company in India. The Company's shares are listed on National Stock Exchange and Bombay Stock Exchange.

### 2 Summary of significant accounting policies

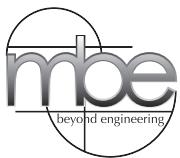
#### 2.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) - "Financial Reporting of Interests in Joint Ventures" as notified by Companies (Accounting Standards) Rules, 2006.

The Consolidated financial statements are prepared on the following basis:

- (i) Subsidiaries are consolidated from the date on which control is transferred to the group and are not consolidated from the date that control ceases.
- (ii) The financial statements of the Holding Company and the Subsidiary companies have been combined on a line by line basis by adding together like item of assets, liabilities, income and expenses. The intra group balances, intra group transactions and unrealized profit or losses thereon if any have been fully eliminated where such transactions took place subsequent to the date of acquisitions of the related subsidiary.
- (iii) The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Holding Company in all cases.
- (iv) The excess / shortfall of the consideration given over the net value of the identifiable assets acquired in subsidiary company is recognized as goodwill/ capital reserve. Goodwill is disclosed under Fixed asset. Impairment loss is recognized where applicable.
- (v) The translation of the functional currencies into Indian Rupees (reporting currency) is performed for equity in the foreign subsidiaries, assets and liabilities using the closing exchange rate at the Balance Sheet date, and for revenues, costs and expenses using average exchange rates prevailing during the period . The resultant exchange difference arising out of such transaction is recognized as part of equity (Foreign Currency Translation Reserve Account) by the Parent Company until the disposal of investment.
- (vi) The equity method has been followed where the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The consolidated statement of profit and loss reflects the investor's share of the results of operations of the investee.
- (vii) Joint Venture of Holding Company has been accounted in the consolidated financial statements using the proportionate consolidation method whereby a venturer's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is accounted for on a prorata basis.
- (viii) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the entities have ascertained their operating cycle for the purpose of current – non-current classification of assets and liabilities as follows:- the Company: 24 months and - subsidiaries, associate and jointly controlled entity : 12 months to 18 months.



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 2.2 Tangible Assets, Intangible Assets and Depreciation

- (a) Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes inward freight, duties and taxes and expenses incidental to and directly attributable to acquisition and installation of fixed assets. Own manufactured assets are capitalized at cost including an appropriate share of directly attributable overheads. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- (b) Depreciation is provided on pro-rata basis using straight line method over the estimated useful lives of assets. The estimates of useful lives have undergone a change with effect from April 1, 2014, based on technical evaluation and are same as the lives prescribed under Schedule II to the Companies Act, 2013, except for certain items of Plant and Machinery with lower useful life as given below: Scaffolding Material: 4 years
- (c) Gains or losses arising from disposal of fixed assets carried at cost are recognized in the Statement of Profit and Loss.
- (d) Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over their estimated useful lives. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. Computer software is amortized over a period of three years.

### 2.3 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in Statement of Profit and Loss in the period in which they are incurred.

### 2.4 Impairments

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

### 2.5 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investment are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

### 2.6 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using Weighted Average method. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and condition. 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. 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.

### 2.7 Foreign currency translation

Initial Recognition: On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

transaction. Subsequent Recognition: As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Monetary current assets and monetary current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the Statement of Profit and Loss. Forward Exchange Contract: The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

### 2.8 Derivative Contracts

Derivative Contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects Of Changes In Foreign Exchange Rates'): Derivative contracts outstanding as at year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognized in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.9 Revenue Recognition

Revenue on contracts is recognized using percentage of completion method wherein the stage of completion is determined with reference to the ratio of the contract cost incurred for work performed up to the reporting date to the estimated total contract cost. In the case of unit rate contracts the stage of completion is determined with reference to the valuation of the actual amount of work completed as per the contracted rates. In cases where the current estimate of total contract cost and revenue indicate a loss, such loss is recognized as an expense. Sale of goods : Sales are recognized when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognized net of trade discounts, rebates, sales taxes and excise duties. Sale of Services : In contracts involving the rendering of services, revenue is measured using the proportionate completion method and are recognized net of service tax.

### 2.10 Other Income

**Interest :** Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividend :** Dividend income is recognized when the right to receive dividend is established.

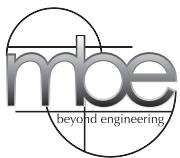
**Income from duty drawback :** Income from duty drawback is recognized in the Statement of Profit and Loss on an accrual basis.

### 2.11 Employee Benefits

Short-term Employee Benefits are recognized in the period in which employee services are rendered. **Provident Fund :** Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise. The contributions made to the trust are recognized as plan assets. The defined benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

**Gratuity :** The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

**Superannuation Fund:** The Company operates a superannuation fund scheme for some of its employees towards which the Company contributes up to a maximum of 15% of the employees' current salary, which is charged to the Statement of Profit and Loss. The scheme, which is fully funded, is managed by Trustees and is independent of the Company's finance.



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

**Compensated Absences :** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be available or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

**Termination Benefits :** Termination benefits in the nature of voluntary retirement benefit are recognized in the Statement of Profit and Loss as and when incurred.

**Post Retirement Medical Benefits :** Accrued liability towards post employment medical benefits extended to certain categories of employees (Comprising of annual medical insurance premium to cover hospitalization) within a defined monetary limit are evaluated on the basis of actuarial valuation based on Projected Unit Credit (PUC) Method at the end of the year and is recognized as a charge in the accounts.

**Other Long Term Employee Benefits :** Other long term employee benefits comprising of entitlement to accumulation of Sick Leave and Long Service Award is provided based on Actuarial valuation as per PUC method carried out as at the end of the year.

**Employees' State Insurance Scheme :** Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognized as charge in Statement of Profit and Loss in the year in which they arise.

### 2.12 Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions. Deferred tax is recognized for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognized deferred tax assets, if any. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.13 Provisions and Contingent Liabilities

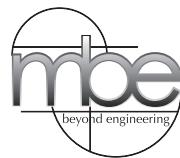
**Provisions :** Provisions are recognized when there is a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

**Contingent Liabilities :** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.14 Leases

#### As a Lessee :

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease payments under operating leases are charged on a straight-line basis in the Statement of Profit and Loss over the lease term.



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 2.15 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 2.16 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.17 Government Grants

Grants of Capital nature and related to specific Fixed Assets are deducted from gross value of assets. Other grants of Capital nature are credited to Capital Reserve. Grant related to revenue are recognized in the Statement of Profit and Loss on a systematic basis to match them with related costs.

### 2.18 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods. Any revision to accounting estimates is recognized prospectively in the current and future periods.

### 2.19 Warranty Provision

A warranty provision is raised for future estimated warranty claims based on past experience, as well as specific claims known at year end.

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

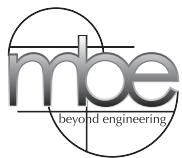
## 3 SHARE CAPITAL

### Authorized :

7,00,00,000 (March 31,2015 : 7,00,00,000)	7,000.00	7,000.00
Equity Shares of Rs. 10/- each		
1,20,00,000 (March 31,2015 : 1,20,00,000)	12,000.00	12,000.00
11.50% Non-Convertible Redeemable Preference Shares of Rs. 100/- each		

### Issued, Subscribed & Paid up :

5,10,93,818 ( March 31,2015 : 4,05,93,818)	5,109.38	4,059.38
Equity Shares of Rs. 10/- each fully paid up.		
9,75,000 ( March 31,2015 : 9,75,000)	975.00	975.00
11.50% Non-Convertible Redeemable Preference Shares of Rs. 100/- each fully paid up.		
	<b>6,084.38</b>	<b>5,034.38</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(a) **Reconciliation of Number of Equity Shares :**

	As at 31.03.2016		As at 31.03.2015	
	No. of shares	Rs in Lacs	No of shares	Rs in lacs
At the beginning of the year	40,593,818	4,059.38	31,093,818	3,109.38
Add: Issued during the year	10,500,000	1,050.00	9,500,000	950.00
At the end of the year	51,093,818	5,109.38	40,593,818	4,059.38

(b) **Reconciliation of Number of 11.50%**

**Non- Convertible Redeemable Preference Shares :**

At the beginning and end of the year	975,000	975.00	975,000	975.00
--------------------------------------	---------	--------	---------	--------

(c) **Rights and restrictions attached to shares :**

**Equity Shares:** The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend if proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

**Preference Shares:** The Company has cumulative, non convertible redeemable preference shares of Rs 100 each at a coupon rate of 11.50% p.a.. Tenure of these Preference Shares is 7 years from the date of issue.

(d) The company does not have a holding company.

(e) **Details of shares held by shareholders holding more than 5% of the aggregate Equity shares in the Company**

Sl. No.	Name of Equity Shareholders	As at March 31, 2016		As at March 31, 2015	
		No of Shares	% Held	No of Shares	% Held
1	Williamson Magor & Company Ltd.	9,967,437	19.51%	5,179,748	12.76%
2	McLeod Russel India Ltd.	3,052,295	5.97%	3,052,295	7.52%
3	MKN Investments Pvt. Ltd.	5,000,000	9.79%	5,000,000	12.32%
4	Rekha Rakesh Jhunjhunwala	3,498,349	6.85%	3,498,349	8.62%
5	EMC Ltd	14,287,689	27.96%	—	—

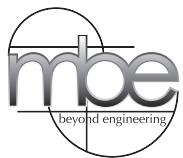
(f) **Details of shares held by shareholders holding more than 5% of the aggregate 11.50% Non-Convertible Redeemable Preference shares in the Company**

Sl. No.	Name of Non-Convertible Receivable Preference Shareholders	As at March 31, 2016		As at March 31, 2015	
		No of Shares	% Held	No of Shares	% Held
1	Tata Capital Financial Services Limited	625,000	64.10%	625,000	64.10%
2	Brijesh Kumar Biyani	100,000	10.26%	100,000	10.26%
3	Rahul Mohindar	50,000	5.12%	50,000	5.12%
4	Vinay Mohindar	100,000	10.26%	100,000	10.26%
5	Mridula Mohata	100,000	10.26%	100,000	10.26%

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>4 RESERVES AND SURPLUS</b>		
<b>Capital Redemption Reserve</b>	1.00	1.00
<b>Capital Reserve</b>		
Balance as at 31st March, 2016	863.59	863.59
<b>Securities Premium Account</b>		
Balance at the beginning of the year	16,983.31	16,983.31
Add: Premium on Securities allotted during the year	9,450.00	–
Less: Expenses relating to Securities issued during the year	10.15	–
Balance as at 31st March, 2016	26,423.16	16,983.31
<b>Securities Premium Account-Non-Convertible Preference Share</b>		
Balance as at 31st March, 2016	2,884.40	2,884.40
<b>Foreign currency translation reserve</b>		
Balance as per Last Account	(3,679.84)	(391.58)
Add: Adjustment for translation of non integral foreign operations	0.01	(3,288.26)
Balance as at 31st March, 2016	<u>(3,679.83)</u>	<u>(3,679.84)</u>
<b>General Reserve</b>		
Balance as per last account	1,598.14	1,813.06
Add : Transferred from Profit and Loss account	145.70	(214.92)
Balance as at 31st March, 2016	<u>1,743.84</u>	<u>1,598.14</u>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	11,581.70	18,925.80
Profit for the year	(33,643.98)	(7,427.83)
	<u>(22,062.28)</u>	<u>11,497.97</u>
Less : Appropriations		
Dividend on Preference shares for the year	112.13	112.13
Dividend Distribution Tax on Dividend on Preference Shares	25.45	19.06
Transfer to General Reserve	145.70	(214.92)
Balance at the end of the year	<u>(22,345.56)</u>	<u>11,581.70</u>
	<u>5,890.60</u>	<u>30,232.30</u>
<b>5 LONG TERM BORROWINGS</b>		
Secured : [ Refer Note 40]		
Term Loan		
From Banks in Foreign Currency	1,168.48	2,207.10
From Bank in Indian Rupee	29,694.45	5,352.74
From Others	1.10	3.06
Unsecured:		
Other than from Banks	333.85	1,327.59
	<u>31,197.88</u>	<u>8,890.49</u>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>6 OTHER LONG TERM LIABILITIES</b>		
Trade Payables (Including Acceptance)	41.24	50.88
Advance from Customers	–	26.50
Others	86.64	76.43
	<b><u>127.88</u></b>	<b><u>153.81</u></b>
<b>7 LONG-TERM PROVISIONS</b>		
Provision for Employee Benefits		
Provision for Privileged Leave Encashment	618.91	643.03
Provision for Other Employee Benefits	<u>196.61</u>	<u>211.72</u>
	<b><u>815.52</u></b>	<b><u>854.75</u></b>
Other Provisions :		
Provision for Lease Rent	612.47	540.42
Provision for Tax	5,306.71	5,804.28
Others	<u>138.93</u>	<u>135.97</u>
	<b><u>6,873.63</u></b>	<b><u>7,335.42</u></b>
<b>8 SHORT-TERM BORROWINGS</b>		
<b>Secured :</b> [Refer Note 41]		
Term Loan from Banks		
Indian Rupee Loan	325.15	1,814.26
Foreign Currency Loan	–	2,764.61
Loan Repayable on demand		
From Banks	118,405.19	107,771.36
<b>Unsecured :</b>		
From Banks*	53,662.33	29,863.20
From Others	<u>16,847.85</u>	<u>13,674.75</u>
	<b><u>189,240.52</u></b>	<b><u>155,888.18</u></b>
*Amount of loan guaranteed by Williamson Magor & Co. Limited.	7,200.00	–
<b>9 TRADE PAYABLES</b>		
(a) Total outstanding dues of micro enterprises and small enterprises and	1,027.60	326.19
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	38,020.40	7,556.34
(ii) Trade Creditors	<u>89,893.25</u>	<u>101,335.44</u>
	<b><u>128,941.25</u></b>	<b><u>109,217.97</u></b>

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>10 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debt ( Refer Note - 40)	28,718.97	15,261.89
Interest Accrued but not due on borrowings	848.91	1,387.78
Other Interest Accrued but not due	2,882.95	2,931.56
Interest Accrued and due on borrowings	176.10	97.69
Income Received in advance	–	218.35
Unpaid Dividends [ Refer note (a) below]	169.02	161.45
Advances from Customers	64,506.35	57,313.62
Employee Benefits payable	2,889.30	2,341.67
Security Deposits	36.68	36.68
Due to Customers [Refer Note (b) below]	2,038.39	3,168.05
Creditors for Purchase of Fixed Assets	570.33	395.27
Amount Payable to Bank under Forward Contract	23,699.41	–
Statutory dues	4,090.21	1,914.39
Book Overdraft in Current Account with Banks	1,739.88	4,087.11
Others Payable	2,457.51	2,364.99
Add : Share of Joint Venture [Refer Note -1]	0.09	–
	<b>134,824.10</b>	<b>91,680.50</b>
(a) There is no amount due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end.		
(b) Excess of Actual billing over cost incurred and profit /loss recognised.		
<b>11 SHORT-TERM PROVISIONS</b>		
Provision for Employee Benefits : [Refer Note No. 34]		
Provision for Gratuity	45.37	221.13
Provision for Privileged Leave Encashment	155.65	189.04
Provision for Other Employee Benefits	409.34	123.67
	<hr/>	<hr/>
610.36	533.84	
Other Provisions :		
Provision for Tax	14.24	42.49
Provision for Proposed Dividend	27.88	27.65
Provision for Corporate Dividend Tax	5.68	4.70
Provision for Future Foreseeable Losses in Construction Contracts	755.16	671.19
Provision for onerous contracts	150.18	1,400.00
Provision for Warranty	160.52	177.16
Provision for Mark to Market Loss on Derivative Contracts	–	108.33
Liquidated damages	228.74	228.74
Others	7.60	168.97
	<hr/>	<hr/>
	<b>1,960.36</b>	<b>3,363.07</b>

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 12 FIXED ASSETS

(All figures in Rs. Lacs, unless otherwise stated)

Particulars	GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK						
	April 1, 2015	Additions	Sales	Adjustments*	Foreign Exchange Translation Reserve Adj.	For the year	Sales	Adjustments*	Foreign Exchange Translation Reserve Adj.	March 31, 2016	March 31, 2016	March 31, 2015	
<b>Tangible Assets :</b>													
Free Hold Land	256.00	32.30	—	—	288.30	—	—	—	—	—	288.30	256.00	
Lease Hold Land	2,825.60	1.05	—	92.38	2,919.03	104.37	284.3	—	—	132.80	2,786.23	2,721.23	
Building	13,110.18	37.24	12.14	12.12	13,147.40	1,667.69	525.40	3.97	29.00	—	2,218.12	10,929.28	
Plant & Machinery	25,897.76	792.23	56.91	36.75	(3.97)	26,665.86	11,723.56	2,904.27	55.23	59.29	(3.97)	14,627.92	12,037.94
Furniture & Fixture	1,565.68	27.54	10.27	10.79	(1.32)	1,552.42	628.36	151.19	10.27	3.25	(1.34)	771.19	821.23
Office Equipments	752.68	83.81	10.89	45.50	—	871.10	666.85	87.56	10.89	62.56	(0.14)	805.94	65.16
Vehicles	366.34	15.99	26.67	—	1.47	357.13	174.93	40.38	13.14	8.94	0.70	211.81	145.32
	<b>44,774.24</b>	<b>990.16</b>	<b>116.88</b>	<b>197.54</b>	<b>(3.82)</b>	<b>45,841.24</b>	<b>14,965.76</b>	<b>3,737.23</b>	<b>93.50</b>	<b>163.04</b>	<b>(4.75)</b>	<b>18,767.78</b>	<b>27,073.46</b>
<b>Intangible Assets :</b>													
Goodwill	1,265.89	519.31	—	(109.40)	—	1,675.80	—	—	—	—	—	1,675.80	1,265.89
Technology for:													
Designs and drawings	2,269.77	—	—	0.27	—	2,270.04	2,020.77	74.65	—	—	2,095.42	174.62	249.00
Computer software	1,553.42	142.80	—	(139.16)	1.53	1,558.59	1,469.90	32.77	—	2.24	0.97	1,505.88	52.71
	<b>5,089.08</b>	<b>662.11</b>	<b>—</b>	<b>(248.29)</b>	<b>1.53</b>	<b>5,504.43</b>	<b>3,490.67</b>	<b>107.42</b>	<b>—</b>	<b>2.24</b>	<b>0.97</b>	<b>3,601.30</b>	<b>1,903.13</b>
	<b>49,863.32</b>	<b>1,652.27</b>	<b>116.88</b>	<b>(50.75)</b>	<b>(2.29)</b>	<b>51,345.67</b>	<b>18,456.43</b>	<b>3,844.65</b>	<b>93.50</b>	<b>165.28</b>	<b>(3.78)</b>	<b>22,369.08</b>	<b>28,976.59</b>
	<b>57,183.10</b>	<b>632.22</b>	<b>386.73</b>	<b>(7,867.44)</b>	<b>302.17</b>	<b>49,863.32</b>	<b>16,703.30</b>	<b>4,620.93</b>	<b>197.17</b>	<b>(2,652.27)</b>	<b>(18.36)</b>	<b>18,456.43</b>	<b>31,406.89</b>
	<b>(A)</b>												<b>1,598.41</b>
	<b>Total (A + B)</b>												
	<b>As on 31.03.2015</b>												

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 13 NON-CURRENT INVESTMENTS

Trade Investment (Valued at Cost)

Investment in Associates

90,000 Equity Shares in MBE Coal and Mineral Technologies GMBH	2,877.62	2,813.52	2,671.42
Add : Share of profit/(loss) upto March 31, 2016 [Refer Note - 1]	(64.10)		

Long Term - Other Than Trade Investments (Valued at cost)

(a) Quoted Equity Instruments

10,960 (March 31,2015 - 10,960) Equity Shares of Rs. 5 each fully paid up in Eveready Industries India Limited	2.28	2.28
10,960 (March 31,2015 - 10,960) Equity Shares of Rs. 5 each fully paid up in McLeod Russel India Limited	2.28	2.28

(b) Unquoted Equity Instruments

100 (March 31,2015 - 100) shares of Rs25/- each of Co Operative Bank of Baroda Ltd	0.03	0.03
	<b>2,818.11</b>	<b>2,676.01</b>

Aggregate amount of quoted Investments

4.56 4.56

Market value of quoted investments

43.43 54.75

Aggregate amount of unquoted Investments

2,813.55 2,671.45

### 14 LONG-TERM LOANS AND ADVANCES

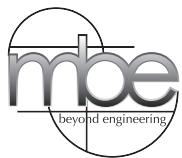
Unsecured Considered Good (Unless otherwise stated):

Capital Advances	258.45	1,867.74
Security Deposits	219.59	229.79
Other Loans and Advances		
Balances with Government Authorities	0.46	0.46
Others	10,860.21	4,350.33
Add : Share of Joint Venture [ Refer Note - 1 ]	132.87	—
	<b>11,471.58</b>	<b>6,448.32</b>

### 15 OTHER NON-CURRENT ASSETS

Long term trade receivables:

Unsecured Considered Good	576.53	489.36
Others :		
Long term deposits with banks	2.16	133.33
Margin Money Deposit	46.84	9.58
	<b>625.53</b>	<b>632.27</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>16 INVENTORIES</b>		
Raw Materials	15,721.67	14,970.95
Work-in-progress	11,627.70	10,590.06
Finished Goods	43.57	65.76
Loose Tools	63.84	80.37
Stores and Spares	1,031.20	757.93
Stock in trade in transit	1,543.90	247.78
	<b>30,031.88</b>	<b>26,712.85</b>
<b>17 TRADE RECEIVABLES</b>		
Secured - Considered Good		
Outstanding for a period exceeding six months from the date they are due for payment	7,744.46	536.92
Other Debts	1,509.21	1,638.88
	9,253.67	2,175.80
Unsecured - Considered Good		
Outstanding for a period exceeding six months from the date they are due for payment	40,638.59	25,969.84
Other Debts	122,719.69	125,412.36
	163,358.28	151,382.20
Unsecured - Considered Doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	1,435.21	1,527.40
Less: Provision for doubtful debts	1,435.21	1,527.40
	<b>172,611.95</b>	<b>153,558.00</b>
<b>18 CASH AND BANK BALANCES</b>		
Cash & Cash Equivalents		
Cash on Hand	82.32	168.34
Remittance in Transit	–	28.30
Bank Balances		
Bank Balances in Current Account	4,579.42	5,614.29
Demand Deposits (Less than 3 months maturity)	138.81	0.10
Other Bank Balances		
Long term deposits with maturity more than 3 months but less than 12 months	473.21	83.37
Margin Money Deposit	1,702.39	189.47
Unpaid Dividend Account	21.35	22.92
Add : Share of Joint Venture [ Refer Note - 1 ]	19.60	–
	<b>7,017.10</b>	<b>6,106.79</b>

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 19 SHORT-TERM LOANS AND ADVANCES

Secured considered good		
Others	1,630.02	—
Unsecured considered good		
Advance recovered in cash or in kind	820.70	11,226.51
Loans & Advance to Related Parties		
Recoverable from Whole time Director	11.12	18.69
Other Loans & Advances		
Advance Income Tax	4,785.51	3,282.75
Income Tax Refund Receivable	—	19.28
Balance with Statutory / Government Authorities	7,198.69	5,270.75
Security Deposits	509.55	318.46
Prepaid Expenses	232.40	151.81
Advance to Supplier & Others	44,739.17	31,264.85
Employee Advance	88.57	81.82
Others	11,196.87	10,344.98
	<b>71,212.60</b>	<b>61,979.90</b>

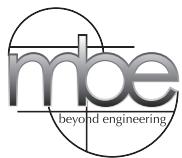
### 20 OTHER CURRENT ASSETS

Unsecured Considered good :		
Due from Customers [ Refer note (a)]	159,288.57	125,474.07
Interest Receivable	2.51	0.04
Receivable under Forward Contract	23,791.31	—
Insurance Claim Receivables	—	0.23
Unamortised Expenses :		
Current portion of Foreign Currency Monetary item translation difference account	—	2.57
Others	1,061.08	583.85
	<b>184,143.47</b>	<b>126,060.76</b>

(a) Excess of cost incurred and profit/loss recognised as per AS 7 over actual sales billing .

### 21 REVENUE FROM OPERATION

Sale of Equipment & Contract Revenue	264,735.81	241,624.52
Sale of Services	1,135.31	2,479.30
Other Operating Revenue :		
Duty Drawback	0.84	8.49
Sale of Scrap	389.48	986.16
Energy Income - Wind Mill	107.83	101.29
Agency Income	78.33	9.73
Misc. Income	36.56	67.86
	<b>613.04</b>	<b>1,173.53</b>
Total	266,484.16	245,277.35
Less: Excise Duty	3,087.03	2,303.92
	<b>263,397.13</b>	<b>242,973.43</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>22 OTHER INCOME</b>		
Interest Income	1,146.49	—
Dividend Income From Long Term Investments Other than trade	0.44	0.82
Net Gain/(Loss) on sale of Investment		
Long term Trade investment	—	8,245.39
Net Gain on foreign currency transactions and translation (other than considered in finance cost)	359.81	101.71
Liabilities / Provisions no longer required written back	1,372.62	710.62
Provision for Loss on Derivatives - Mark to Market Valuation - No longer required written back	131.50	46.18
Profit on Sale of Fixed Assets (net)	63.49	293.88
Rental Income	1.06	—
Service Charges (Gross)	—	471.91
Miscellaneous Income	173.43	236.54
	<b>3,248.84</b>	<b>10,107.05</b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed		
Opening Inventory	14,970.95	12,682.44
Add : Purchases	34,940.24	36,706.73
Less : Inventory at the end of the year	15,721.67	14,970.95
Cost of Raw Materials consumed during the year	34,189.52	34,418.22
Consumption of bought out Components and related Spares	60,882.27	65,178.00
Purchase of traded goods	57,142.04	21,879.69
	<b>152,213.83</b>	<b>121,475.91</b>
<b>24 EMPLOYEE BENEFIT EXPENSES [Refer Note No 34]</b>		
Salaries, Wages & Bonus	12,713.97	15,835.80
Contribution to Provident Fund	613.94	666.66
Contribution to Super Annuation Fund	—	1.03
Contribution to Gratuity Fund	43.82	115.42
Workmen and Staff Welfare Expenses	1,686.67	1,863.10
	<b>15,058.40</b>	<b>18,482.01</b>
<b>25 FINANCE COST</b>		
Interest Expense	28,871.92	23,646.30
Other Borrowing Costs	5,570.38	1,674.64
Net Loss on foreign currency transactions and translation	286.56	172.48
	<b>34,728.86</b>	<b>25,493.42</b>

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

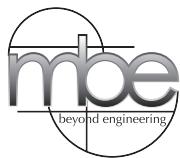
Year Ended March 31, 2016	Year Ended March 31, 2015
------------------------------	------------------------------

### 26 OTHER EXPENSES

Consumption of Stores & Spare Parts	2,273.88	1,933.12
Fabrication and other charges	2,747.11	1,864.68
Power & Fuel	1,596.23	1,838.46
Rent	1,490.18	1,683.69
Repairs to Buildings	14.30	40.15
Repairs to Machinery	138.89	148.06
Repairs to Others	98.95	98.77
Insurance	540.23	701.28
Freight	—	738.71
Payment to Auditors :		
As Auditors :		
Audit Fees	61.82	80.76
Fees for issuing various certificates (including limited reviews)	61.65	69.36
For reimbursement of expenses	0.81	0.66
Director Fees	22.83	125.08
Rates & Taxes	673.60	541.49
Cartage & Freight	4,087.21	3,917.20
Bank Charges	3,666.20	2,931.45
Professional Services	3,370.83	3,861.55
Provision for Warranty	53.53	52.57
Travelling	2,763.28	3,036.79
Bad Debts	3,912.53	2,798.74
Allowances for Bad and Doubtful Trade Receivables	263.04	314.62
Loans and Advances written off	15.15	1,479.16
Agency commission & Selling expenses	—	108.14
Provision for Future Foreseeable Losses in Construction Contracts	83.97	7.08
Miscellaneous Expenses	7,196.84	7,604.43
	<b>35,133.06</b>	<b>35,976.00</b>

### 27 CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS

Opening Stock		
Work-in-Progress	10,590.06	10,119.07
Stock -in-trade	—	785.63
Finished Goods	77.63	108.92
	<b>10,667.69</b>	<b>11,013.62</b>
Closing Stock		
Work-in-Progress	11,627.70	10,590.06
Stock -in-trade	—	—
Finished Goods	43.57	65.56
	<b>11,671.27</b>	<b>10,655.62</b>
	<b>(1,003.58)</b>	<b>358.00</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 28 DEFERRED TAX ASSETS (NET)

Assets :

Items allowable for tax purposes on payment	1,361.51	305.59
Business losses	479.18	2,502.84
Others	580.65	621.93
Liabilities :		
Difference between written down value of block of assets as per Income tax laws and book written down value of the fixed assets.	(2,308.64)	(3,192.98)
	<b>112.70</b>	<b>237.38</b>

- (a) Deferred tax asset and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

**29** The holding company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project – Improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram," (the project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had unilaterally terminated the contract in January 2006. The company and Elsamex S.A. felt that such delay in execution was due to the inability of PWD to hand over the stretch of encumbrance free land for widening of road and non-availability of construction drawings on time by PWD. The company has a legitimate claim of Rs. 1517 lacs towards receivable (included in Note No.17) and Rs.1133 lacs on account of deposit against Performance Guarantee (included in Note No.19). Elsamex S.A. moved to arbitration and had claimed an amount of Rs.7334 lacs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC).

Arbitral Board in their meeting held on 25th October 2010 has upheld Elsamex S A's claim and has given award in favour of Elsamex S A. Under the award, a total amount of Rs.3535 lacs is receivable by the company. A claim has already been lodged with PWD . PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the High Court for a stay in the matter of payment of award money.

### 30 Leases

#### As a Lessee

The company has significant operating leases for premises. These lease arrangements include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable term. The aggregate lease rentals payable are charged as Rent under Note No. 26. With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

Not later than one year	408.42	396.11
Later than one year and not later than five years	1,018.88	1,427.30

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 31 INFORMATION IN ACCORDANCE WITH AS-7 CONSTRUCTION CONTRACTS, IN RESPECT OF CONTRACTS IN PROGRESS AS AT YEAR END DATE

(i) Contract costs incurred	1,379,089.57	1,200,213.26
Add: Recognised profits net of recognised losses	68,430.23	78,984.73
Contract Revenues	1,447,519.80	1,279,197.98
Progress billing	1,294,721.20	1,156,850.84
Unbilled revenue (Net)	152,798.60	122,347.14
Due from customers	155,510.40	125,884.90
Due to customers	(1,847.78)	(2,665.33)
Advance payments received	62,350.23	55,504.96
Amount of retentions	86,648.27	84,330.21
(ii) Sale of equipments and contract revenue as reported in this accounts is in proportion to the actual costs incurred on such contracts to their contract values. Here costs represent actual costs incurred inclusive of future losses based on estimates of future costs of all on going projects made by the engineers of the company and such estimates verified independently and certified by a Chartered Engineer. Unbilled revenue represents such contract sales values less actual billing done on the basis of costs incurred.		

### 32 PROVISIONS FOR LIQUIDATED DAMAGES

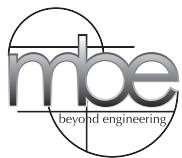
The company has as a matter of abundant caution recorded an accrual for liquidated damages in respect of contracts where there has been a default in providing services on time to customers in terms of deliverables as agreed to in the contracts. The movement in the carrying value of liquidated damages is as follows:

Opening Balance	865.94	962.04
Additional provision during the year	—	—
Provision utilised during the year	—	—
Provision written back	(357.96)	(96.10)
Closing Balance	507.98	865.94
Included in provision for doubtful debt	279.24	637.20
Included in other provision	228.74	228.74

### 33 PROVISIONS FOR WARRANTIES

The Company warrants that their goods will perform in all material respects in accordance with the Company's standard specifications, for the warranty period. Accordingly, based on specific warranties, claims and claim history, the company provides for warranty claims. The movement in the carrying value of warranty costs is as follows:

Opening Balance	177.16	282.31
Additional provision during the year	53.53	52.37
Provision reversed during the year	(67.16)	(157.12)
Provision utilised during the year	(3.01)	(0.40)
Closing Balance	160.52	177.16



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 34A. GRATUITY (FUNDED)

The Company operates a gratuity plan through the "McNally Bharat Executive Staff Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

#### (i) Reconciliation of Opening and Closing balances of the Present Value of the Defined Benefit Obligation :

(a) Present Value of Obligation at the beginning of the year	1,422	1,464
(b) Current Service Cost	112	130
(c) Interest Cost	109	128
(d) Actuarial (Gains)/Losses	(61)	(41)
(e) (Benefits Paid)	<u>(276)</u>	<u>(259)</u>
(f) Present Value of Obligation at the end of the year	<u>1,306</u>	<u>1,422</u>

#### (ii) Reconciliation of the Opening and Closing balances of Plan Assets :

(a) Fair Value of Plan Assets at the beginning of the year	1,216	1,261
(b) Expected Return on Plan Assets	91	110
(c) Actuarial Gains//(Losses)	(9)	(8)
(d) Contributions by employer	41	109
(e) (Benefits paid)	<u>(276)</u>	<u>(256)</u>
(f) Fair Value of Plan Assets at the end of the year	<u>1,063</u>	<u>1,216</u>

#### (iii) Amount recognised in current year and previous four years :

	2015-16	2014-15	2013-14	2012-13	2011-12
(a) Present Value of Obligation as at the end of the year	1,306	1,422	1,457	1,521	1,587
(b) Fair Value of Plan Assets as at the end of the year	1,063	1,216	1,264	1,212	1,145
(c) Asset/ (Liability) recognized in the Balance Sheet	(245)	(221)	(193)	(308)	(442)
(d) Experience (Gain)/loss adjustments on plan liabilities	(61)	(41)	(75)	(134)	101
(e) Experience Gain//(loss) adjustments on plan assets	(9)	(8)	(6)	3	1

#### (iv) Expense recognised in the Statement of Profit and Loss

(a) Current Service Cost	112	130
(b) Interest Cost	109	128
(c) (Expected Return on Plan Assets)	(62)	(110)
(d) Actuarial (Gains)/Losses on defined benefit Obligation	(59)	(41)
(e) Actuarial Losses//(Gains) on plan Assets	8	8
(f) Total Expense recognised and included	<u>108</u>	<u>115</u>

#### (v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets :

(a) Fund with LIC	98.43%	96.21%
(b) Balance with Bank	1.57%	3.79%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

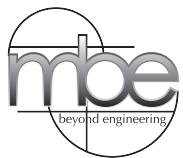
(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
<b>(vi) Actual Return on Plan Assets</b>	82	85
<b>(vii) Principal Actuarial Assumptions made by the actuary for valuation of the above mentioned employee benefits :</b>		
(a) Discount Rate ( Per annum )	8.00%	8.00%
(b) Expected Rate of Return on Plan Assets ( Per annum )	8.00%	9.00%
(c) Rate of Salary Increase (Per annum)	4.66%	4.00%
(d) Mortality Rate	In accordance with standard table LIC (1994-96) ultimate	In accordance with standard table LIC (1994-96) ultimate
<b>(viii) The estimates of future salary increases, considered in actuarial valuation, 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.</b>		
<b>(ix) Provident Fund</b>		
Provident fund for certain eligible employees is managed by the Company through the "McNally Bharat Employees Provident Fund" in line with the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving employers established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no additional liability as at 31st March, 2016, in respect of interest rate guarantee .		
<b>(x) Principal Actuarial Assumptions made by the actuary for valuation of the above employee benefit :</b>		
(a) Discount Rate ( Per annum )	8.00%	8.00%
(b) Expected Rate of Return on Plan Assets ( Per annum )	8.27%	8.87%
(c) Return on EPFO	8.75%	8.75%
(d) Mortality Rate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate

**(xi) Disclosures included are limited to the extent of disclosures provided by the actuary**

**(xii) The contribution expected to be made by the company for the year ended March 31, 2017 is not readily available and therefore not disclosed.**

**(xiii) The group has adopted Accounting Standard 15 (AS 15) on ' Employee Benefits'. These consolidated financial statements include the obligations as per requirement of this standard except for those subsidiary companies which are incorporated outside India who have determined the valuation/ provision for the employee benefits as per requirements of their respective countries. In the opinion of the management , the impact of this deviation is not considered material.**



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

**35** Pursuant to the Announcement on Accounting for derivatives issued by the Institute of Chartered Accountants of India in March , 2008 , the company has accounted for during the year reversal of loss amounting to RS. 127.54 lacs ( Prev. Yr.- Rs 46.18 Lacs) in respect of outstanding derivative contracts at the balance sheet date by marking them to market.

### 36 CONTINGENT LIABILITIES

(a) Estimated amount of Contracts remaining to be executed on capital account and not provided for	—	142.88
(b) Claims against the company not acknowledged as debt	100.00	100.00
(c) Other money for which the Company is contingently liable:		
(i) Excise Duty matters pending in appeal related to issues of applicability and classification	270.70	215.30
(ii) Sales Tax/VAT matters pending in appeal relating to disputes regarding assessable value and exemptions claimed	5,796.52	4,674.24
(iii) Service Tax Matters pending in appeal relating to issues of applicability	17.00	21.00
(iv) Corporate guarantees given	17,067.50	15,254.00
(v) Other guarantees given	—	241.00
(vi) Standby letter of credit	—	2,007.00
(vii) Other demands related to claims made by certain ex-employees towards employee benefits due to them	271.88	256.76
(viii) Bills discounted with banks against letter of credit	30.50	780.00
(ix) Demand for Income Tax	110.75	1,737.32

The extent of probable cash outflow in respect of the above matters is not determinable at this stage.

### 37 SEGMENT REPORTING

The group has considered the business segment as the primary reporting segment on the basis that the risk and returns of the group is primarily determined by the nature of activities.

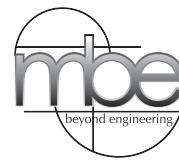
The business segment have been identified on the basis of the nature of activity, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The business segment comprises of the following:

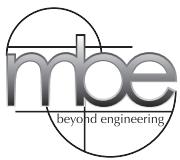
- (i) Sale of Steel-Trading.
- (ii) Construction Contracts.
- (iii) Others - Sale of products and services

### Primary Segment-Business Segment

	Year Ended Mar 31,2016			Year Ended Mar 31,2015			(All figures in Rs. Lacs, unless otherwise stated)	
	Construction Contracts	Trading	Total	Total Company	Construction Contracts	Trading	Total	
Revenue from Operation	185,400.06	55,934.56	21,449.47	262,794.09	195,170.11	21,403.19	25,226.60	241,799.90
Less: Inter-segment sales (made at cost)	–	–	–	–	–	–	–	–
<b>Total</b>	<b>185,400.06</b>	<b>55,934.56</b>	<b>21,449.47</b>	<b>262,794.09</b>	<b>195,170.11</b>	<b>21,403.19</b>	<b>25,226.60</b>	<b>241,799.90</b>
Other operating Revenue	367.64	–	245.40	613.04	437.95	–	735.58	1,173.53
<b>185,767.70</b>	<b>55,934.56</b>	<b>21,694.87</b>	<b>263,397.13</b>	<b>195,608.06</b>	<b>21,403.19</b>	<b>25,962.18</b>	<b>242,973.43</b>	
Segment Result [ Profit/(Loss) after considering other income and before interest and tax	697.83	-107.39	-478.91	111.53	11,353.71	-75.95	6,643.82	17,921.58
Interest and Other borrowing cost				34,728.86				25,493.42
Other Unallocated Income (Net of expenditure)				780.39				(180.33)
Profit/(Loss) Before Tax				(33,836.94)				(7,752.17)
Segment Assets	420,362.50	12,309.88	36,104.74	468,777.12	334,552.36	1,859.69	45,773.29	382,185.34
Unallocated Asset				40,738.50				34,537.59
<b>Total Asset</b>	<b>509,515.62</b>							<b>416,722.93</b>
Segment Liabilities	164,780.32	36,532.80	31,104.74	232,417.86	153,571.76	14,557.97	37,079.12	205,208.85
Unallocated Liabilities				260,747.76				171,320.59
<b>Total Liability</b>				<b>493,165.62</b>				<b>376,529.44</b>
Capital Expenditure	193.62	–	1,048.68	1,242.30	696.43	–	946.74	1,643.17
Unallocated Capital Expenditure				0.32				9.10
<b>Total</b>				<b>1,242.62</b>				<b>1,652.27</b>
Segment Depreciation and amortisation	2,243.06	–	1,595.63	3,888.69	2,903.78	–	1,709.36	4,613.14
Unallocated Segment Depreciation and amortisation				5.96				7.79
<b>Total</b>				<b>3,844.65</b>				<b>4,620.93</b>
Non cash expenditure other than depreciation and amortisation included in segment expenses	3,985.38	–	342.84	4,328.22	2,635.44	–	2,016.73	4,652.17
<b>Total</b>				<b>4,328.22</b>				<b>4,652.17</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 38 RELATED PARTY DISCLOSURES

Related party disclosures as required by Accounting Standard 18 on Related Party Disclosures are given below:

(i) Relationships :

- a) Associates of MBE Mineral Technologies Pte Limited :  
MBE Coal & Minerals Technologies GmbH
- b) Key Management Personnel
  - Mr. Deepak Khaitan \*
  - Mr. Prasanta Kumar Chandra
  - Mr. Prabir Ghosh
  - Mr. Subir Chaki
  - Mr. G Mustafi
  - Executive Chairman (MBECL)
  - Whole Time Director and COO (MBECL)
  - Whole Time Director and Group CFO
  - Whole Time Director (MSEL)
  - Director & Chief Executive Officer ( CMT India)

\* Expired on 9th March 2015

(ii) The following transactions were carried out with the related parties in the ordinary course of business:

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2016	As at March 31, 2015
Remuneration Paid :		
Mr. Deepak Khaitan	–	336.16
Mr. Prasanta Kumar Chandra	109.66	109.65
Mr. Prabir Ghosh	115.30	114.19
Mr. Subir Chaki	96.81	93.00
Mr. G Mustafi	69.58	67.09
Balances Outstanding as at the year end :		
MBE Coal & Minerals Technologies GmbH :		
Outstanding Payables	–	117.39
Sundry Debtors ( Net of advances)	1.24	1.30
Bonds issued	333.85	312.88
Advance outstanding from Mr. Subir Chaki	11.12	19.00

- (iii) During the year 2014-15, remuneration paid to Late Mr. Deepak Khaitan, the erstwhile Executive Chairman of the Holding Company, was in excess of the maximum limit prescribed in Schedule V of the Companies Act, 2013. The members of the Holding Company vide a special resolution adopted at their meeting held on July 30, 2015, waived the recovery of such excess remuneration. The Holding Company thereafter applied to the Central Government for approval of waiver of recovery of such Excess remuneration, the final reply for the said application is awaited.

### 39 EARNINGS PER SHARE

	As at 31.03.16	As at 31.03.15
(a) Basic :		
Profit / (Loss) after Tax	(33,643.98)	(7,427.83)
Less: Dividend on Preference Shares (Including Dividend distribution Tax)	–	131.18
Adjusted net profit for the year (A)	(33,643.98)	(7,559.01)
Face Value of Each Equity Share (Rs.)	10.00	10.00
Number of Equity Shares at the beginning of the year.	40,593,818	31,093,818
Number of Equity Shares at the end of the year.	51,093,818	40,593,818
Weighted average number of equity shares outstanding during the year (B)	45,677,151	31,718,476
Earnings Per Share - Basic (Rs.) - (A/B)	(73.66)	(23.83)
(b) Diluted :		
Weighted average number of equity shares outstanding during the year (B)	45,677,151	31,718,476
Add : Weighted average number of potential equity shares on account of share warrant (C )	–	39,041
Weighted average number of shares outstanding for diluted EPS (D = B+C)	45,677,151	31,757,517
Earnings Per Share -Diluted (Rs.) - (A/ D )	(73.66)	(23.80)

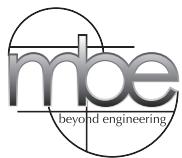
\* The share warrants, being anti-dilutive, have not been considered for calculation of Diluted Earnings Per Share.

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

	Classified as Non Current		Classified as Current	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
<b>40 LONG TERM BORROWINGS</b>				
Secured :				
Term Loan				
From Banks		30,862.93	7,559.84	21,219.12
From Others		1.10	3.06	—
Unsecured :				
From Others		333.85	1,327.59	7,499.85
		<u>31,197.88</u>	<u>8,890.49</u>	<u>28,718.97</u>
				<u>15,261.89</u>

### (a) Repayment terms and nature of securities (wherever applicable) are as follows :

Name of Lender	As at March 31, 2016	As at March 31, 2015	Nature of Security	Repayment Terms												
ICICI Bank Ltd.	3,271.73	3,972.58	First charge by way of hypothecation on moveable assets / equipments both present and future with minimum asset cover of 1.25 times on outstanding ECB facility	The Borrower shall repay the total drawn down amount in ten semi annual installments commencing from the end of 30 months from the date of first drawdown.												
ICICI Bank Ltd.	3,125.00	4,334.00	First pari passu charge (pari passu with Development Credit Bank) on moveable assets/ equipments both present and future excluding those which are exclusively charged to other lenders with minimum asset cover of 1.10 times on the outstanding facility.	16 quarterly installments starting at the end of 15 months from the date of first disbursement i.e., 30th Sept. 2014.												
Tata Capital Ltd.	—	1.59	Secured by hypothecation of asset acquired out of the said loan	Repayable in 36 monthly equated installments.												
HDFC Bank Ltd.	3.17	15.33	Secured by hypothecation of asset acquired out of the said loan	Repayable in 36 monthly equated installments.												
IndusInd Bank Ltd	20,000.00	—	Subservient charge on all movable fixed assets & current assets of the Company both present & future providing min cover of 1.25 times.Corporate Guarantee from Williamson Magor & Co. Limited	Repayable in 16 quarterly between starting September 30 2016 and ending on June 30 2020												
RBL Bank Ltd	15,000.00		Subservient charge by way of hypothecation over the Current Assets and movable Fixed Assets of the Company.Corporate Guarantee from Williamson Magor & Co. Limited.	Repayable in 16 quarterly between starting May 17 2017 and ending on February 17 2021												
Aditya Birla Finance Ltd	7,499.85	7,498.94	Unsecured	Loan will be repaid in following installments: <table border="1"> <thead> <tr> <th>Due date</th> <th>Amount (Rs)</th> </tr> </thead> <tbody> <tr> <td>30.09.16</td> <td>4,981.00</td> </tr> <tr> <td>31.03.17</td> <td>762.00</td> </tr> <tr> <td>30.09.17</td> <td>810.00</td> </tr> <tr> <td>31.12.17</td> <td>946.85</td> </tr> <tr> <td></td> <td><u>7,499.85</u></td> </tr> </tbody> </table>	Due date	Amount (Rs)	30.09.16	4,981.00	31.03.17	762.00	30.09.17	810.00	31.12.17	946.85		<u>7,499.85</u>
Due date	Amount (Rs)															
30.09.16	4,981.00															
31.03.17	762.00															
30.09.17	810.00															
31.12.17	946.85															
	<u>7,499.85</u>															
ICICI Bank Ltd.	530.00	1,502.00	Loan is secured by first pari passu charge over the immoveable and moveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 10 equal half yearly installments, the first such installment being due on September 15, 2011 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 2.50% p.a. on amount beginning April 6, 2009 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.												
ICICI Bank Ltd.	3,316.00	3,912.00	Loan is secured by first pari passu charge on all moveable and immoveable fixed assets of the Company (excluding Kumardhubi plant - Unit 1) both present and future.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on February 27, 2014 and at the end of every six months thereafter. Interest is payable at the rate of LIBOR + 4.40% p.a. on amount beginning February 28, 2011 and every half year thereafter. Interest rate is to be reset two business days before the start of each interest period.												



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

Name of Lender	As at March		Nature of Security	Repayment Terms
	31, 2016	31, 2015		
DBS Bank Ltd	1,836.20	2,600.00	Loan is secured by first pari passu charge on all moveable and immovable fixed assets of the Company (excluding Kumardhuli plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 13 equal quarterly installments, the first such installment being due on May 14, 2014 and at the end of every quarter thereafter. Interest is payable at the rate of LIBOR+ 2.95% p.a. on amount beginning August 14, 2012 and quarterly thereafter.
Kotak Mahindra Prime Ltd.	1.00	3.06	Loan is secured by hypothecation of motor vehicles acquired out of the loan.	Car Loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 11.35% p.a.
MBE Coal & Mineral Technology GMBH	333.90	312.88	Unsecured	Repayable in 5 years. Interest rate is 3.5% p.a.
ICICI Bank Ltd.	5,000.00	–	Loan is secured by first pari passu charge on all moveable and immovable fixed assets of the Company (excluding Kumardhuli plant - Unit 1) both present and future. This facility is also guaranteed by Holding Company.	Loan is repayable in 8 equal half yearly installments, the first such installment being due on June 17, 2017 and at the end of every six months thereafter. Interest is payable at the rate of 12.75% p.a. on amount beginning June 18, 2015 and every half year thereafter.
		<u>59,916.85</u>	<u>24,152.38</u>	

- (b) Other than the delay of 1 day towards repayment of Rs. 3,12,50,000 ICICI Bank, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

(All figures in Rs. Lacs, unless otherwise stated)

As at March 31, 2016	As at March 31, 2015
-------------------------	-------------------------

### 41 SECURED SHORT-TERM BORROWINGS

Term Loan from Banks :

Indian Rupee Loan	325.15	1,814.26
Foreign Currency Loan	–	2,764.61

Loan Repayable on demand :

From Banks	118,405.19	107,771.36
	<b>118,730.34</b>	<b>112,350.23</b>

- (a) Consortium of Banks: A first pari passu charge by way of hypothecation of the current assets viz., stocks of raw materials, semi-finished goods, finished goods, stores and spares, bills receivables including receivables from hire purchase/leasing, book debts and other movable assets, both present and future. A first pari passu charge in favour of the said Banks by way of third party charge on the movable and fixed assets of the Kumardhuli Division owned by McNally Sayaji Engineering Company Limited, (a Subsidiary Company). A corporate guarantee from McNally Sayaji Engineering Company Limited in favour of the BOI Consortium equivalent to the value of the property to be mortgaged by McNally Bharat Engineering Company Limited. Charge on fixed assets on subservient basis except ICICI to the extent of term loan.
- (b) Karur Vysya Bank Ltd: Pari passu hypothecation charge on retention money of RINL project, SAIL ISCO Steel Plant, Burnpur and BHEL projects amounting to Rs 18400.00 lacs along with other lenders.
- (c) Cash Credit facilities and Working Capital Demand Loans are secured by first pari passu charge on entire current assets of the Company. This facility is also secured by second pari passu charge over the immovable and moveable fixed assets of the Kumardhuli plant - Unit II, Asansol Unit, Baroda Unit and Bangalore Unit both present and future.

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

	As at March 31, 2015	As at March 31, 2014
(d) ICICI Bank Limited : Secured by first charge by way of hypothecation of Company's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable Stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the Bank, ranking pari passu with other participating bank, if any. Interest is payable on such facility at I-Base + spread is 4.25% and its effective rate as on balance sheet date is 14.25% (Previous Year 14.25%). ING Vysya Bank Limited : Secured by first charge by way of hypothecation of Company's entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable Stores and spares and 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. Interest is payable on such facility at IVRS Plus 570 bps and its effective rate as on balance sheet date is 16.50%. (Previous Year 16.50%). Secured by Corporate Guarantee of McNally Bharat Engineering Limited (MBEL) in favour of ICICI Bank Limited and ING Vysya Bank LimitedState Bank of India : Secured by way of Fixed Deposit pledged with State Bank of India.	2,099.09	1,761.46
(e) Secured by Corporate Guarantee of McNally Bharat Engineering Company Limited (MBECL) in favour of ICICI Bank Limited, Axis Bank's Standby Letter of Credit in favour of Commerzbank & Bayern LB and short current account credit by Commerzbank, Cologne, Germany.	—	2,032.22
	<b>118,730.34</b>	<b>112,350.23</b>

### 42 INVESTMENTS

The following table includes the classification of investments in accordance with AS 13:

Accounting for Investments

#### Long Term Investments

##### Quoted Equity Shares

10,960 (March 31,2015 - 10,960) Equity Shares of Rs. 5 each fully paid up in Eveready Industries India Ltd.	2.28	2.28
10,960 (March 31,2015 - 10,960) Equity Shares of Rs. 5 each fully paid up in Mcleod Russel India Ltd.	2.28	2.28

##### Investment in Associate

90,000 (March 31, 2015 - 10960) Equity Shares in MBE Coal and Mineral Technologies GMBH	2,813.52	2,671.42
---	----------	----------

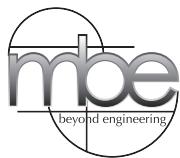
100 shares of Rs25/- each of Co Operative Bank of Baroda Ltd	0.03	0.03
--	------	------

Total Long Term Investments	2,818.11	2,676.01
-----------------------------	----------	----------

Total Investments (Current and Long Term)	2,818.11	2,676.01
---	----------	----------

##### Disclosure under :

Non Current Investments (Refer note 13)	2,818.11	2,676.01
<b>Total</b>	<b>2,818.11</b>	<b>2,676.01</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

### 43 PROVISION FOR ONEROUS CONTRACTS

The Company is engaged in the business of executing projects on turnkey basis. Progress in some such contracts had suffered for various reasons and mostly beyond the control of the Company. Against these contracts, the Company as a measure of abundant precaution decided to make an omnibus provision of Rs. 75 Crores in 2013-14 to take care of any future losses that may arise. During the years 2014-15 and 2015-16 expenses amounting to Rs. 61 and Rs. 14 crores respectively have been incurred on these projects. Consequently, the respective project costs have increased and provision on onerous contract written back.

### 44 ANTICIPATED LOSSES

The company has made provision, as required under Accounting Standards, for material foreseeable losses on long term contracts.

### 45 MONEY RECEIVED AGAINST SHARE WARRANT

Rs. 30 lacs convertible warrants were allotted to Williamson Magor & Company Limited, existing Promoters of the Company on March 13, 2015 against which the Company had received Rs. 7.5 crores being the 25% upfront payment as per SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009. The Allotment Committee of the Company on March 31, 2016 has allotted 5 lacs equity shares on conversion of 5 lacs warrants to the said Williamson Magor & Co. Ltd. thereby reducing warrant application money by Rs. 1.25 cr. The balance in Warrant Application Money Rs. 6.25 cr represents 25% application money for the 25 lakh warrants yet to be converted.

Disclosures mandated by Schedule III of Companies Act 2013

### 46 NAME OF ENTITY

**Parent :**  
McNally Bharat Engineering Company Limited  
**Subsidiaries :**  
**Indian :**  
McNally Sayaji Engineering Limited  
McNally Bharat Equipments Limited  
McNally Bharat Infrastructure Limited  
**Foreign :**  
MBE Minerals Zambia Limited  
MBE Mineral Technologies Pte Limited  
McNally Bharat Engineering (SA) Proprietary Ltd  
**Associates:**  
MBE Coal & Mineral Technology Gmbh  
(Associate of MBE Mineral Technologies Pte Ltd)  
**TOTAL**

Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
As % of consolidated Net assets	Amount Rs. Lacs	As % of consolidated profit and loss	Amount Rs. Lacs
-155.98	(19,652.87)	82.17	(27,644.25)
121.08	15,256.42	16.22	(5,455.79)
0.07	8.38	0.00	(0.10)
4.12	518.98	0.62	(207.25)
1.45	182.74	1.37	(460.73)
129.25	16,285.94	(0.57)	188.83
0.01	0.39	0.00	(0.59)
		0.19	(64.10)
<b>100.00</b>	<b>12,599.98</b>	<b>100.00</b>	<b>(33,643.98)</b>
99.78	3,741.72	100.06	(427.03)
0.22	8.30	(0.06)	0.24
<b>100.00</b>	<b>3,750.02</b>	<b>100.00</b>	<b>(426.79)</b>

48 Previous year's figures have been rearranged and / or regrouped wherever necessary to make them comparable with that of current year.

Signatories to notes 1 to 48

For Lovelock & Lewes  
Firm Registration Number 301056E  
Chartered Accountants  
**Prabal Kr. Sarkar**  
Partner  
Membership No. 52340  
Kolkata, 1st June 2016

**Aditya Khaitan** - Chairman  
**Prasanta Kumar Chandra** - Wholetime Director & COO  
**Prabir Ghosh** - Wholetime Director & Group CFO  
**Dibakar Chatterjee** - Company Secretary

## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Year Ended  
March 31, 2016

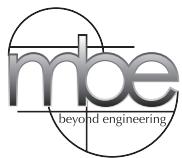
Year Ended  
March 31, 2015

### CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) Before Tax	(33,836.94)	(7,752.17)
Adjustments for:		
Depreciation	3,844.65	4,620.93
Finance Cost	34,728.86	25,493.42
Interest Income	(1,146.49)	–
Dividend Income	(0.44)	(0.82)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(63.49)	(293.88)
Loss/(Profit) on Sale of Investment (Net)	–	(8,245.39)
Bad Debts Written Off	3,912.53	2,798.74
Liability no longer required written back	(1,372.62)	(710.62)
Unrealised (gain)/ loss on Derivative Contracts	–	(46.18)
Provision for Future Foreseeable Losses in Construction Contracts	83.97	7.08
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	51.34	1,814.32
Provision for Loss on Derivatives -No longer required written back	(131.50)	–
Allowance for bad & doubtful trade receivables	263.04	314.62
Provision for warranty	53.53	–
Loans and Advances written off	15.15	1,479.16
Provision for Onerous Contracts written back	(1,400.00)	38,838.53
<b>Operating profit/(loss) before working capital changes</b>	<b>5,001.59</b>	<b>13,379.21</b>
<b>Adjustments for changes in Working Capital :</b>		
(Increase) / Decrease in Trade & Other Receivables	(94,091.57)	(56,219.58)
(Increase) / Decrease in Inventories	(3,319.02)	1,743.06
Increase / (Decrease) in Trade payables & Other Payables	53,317.74	(44,092.85)
<b>Cash generated from/(used in) operations</b>	<b>(39,091.26)</b>	<b>(42,589.18)</b>
Direct Taxes Paid (Net of Refund Received)	(2,072.88)	(2,072.88)
<b>Net cash generated from/(used in) operating activities</b>	<b>(41,164.14)</b>	<b>(45,745.68)</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(1,067.56)	(2,767.99)
Sale of Fixed Assets	86.87	483.44
Adjustment for fixed assets	216.03	5,215.17
Interest Received	1,144.02	–
Dividend Received	0.44	0.82
Purchase of Investments	(206.20)	–
Profit on Sale of Non Current Investments	–	8,245.39
Investment in Associate	–	2,671.43
(Increase) / Decrease in Fixed Deposit	(1,808.85)	(1,635.25)
<b>Net cash from/(used in) investing activities</b>	<b>(1,635.25)</b>	<b>13,462.14</b>



## Notes to the Consolidated Financial Statements for the year ended 31.03.2016

(All figures in Rs. Lacs, unless otherwise stated)

Year Ended March 31, 2016	Year Ended March 31, 2015
------------------------------	------------------------------

### CASH FLOWS FROM FINANCING ACTIVITIES

Finance Cost Paid (including Interest Paid)	(35,189.32)	(21,829.98)
Proceeds from issue of Share Warrants	—	750.00
Proceeds from issue of Shares	1,000.00	950.00
Security Premium on issue of Equity Shares (Net of expenses)	9,364.85	8,523.01
Proceeds from Long Term Borrowings	40,000.00	—
Repayment of Long Term Borrowings	(4,235.53)	(2,095.09)
Proceeds from Short Term Borrowings	162,453.08	94,824.00
Repayment of Short Term Borrowings	(129,100.74)	(52,067.47)
Increase/(decrease) in Book Overdraft in Current Account with Banks	(2,347.23)	4,016.52
Dividend paid (Including tax thereon)	(128.80)	41,816.31
<b>Net cash from/(used in) financing activities</b>	<b>41,816.31</b>	<b>32,907.63</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(983.08)</b>	<b>624.09</b>
<b>Cash and cash equivalents (Opening balance)</b>	<b>5,799.36</b>	<b>5,175.27</b>
[Refer note 2 below]		
<b>Cash and cash equivalents (Closing balance)</b>	<b>4,816.28</b>	<b>5,799.36</b>
[Refer note 3 below]		

#### Notes:

1) The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 on Cash Flow Statements.

2) Cash and Cash Equivalents comprise :

	<u>31.03.2016</u>	<u>31.03.2015</u>
Cash on Hand	82.32	168.34
Remittance in Transit	—	28.30
Bank Balances in Current Account	4,579.42	5,614.29
Demand Deposits (Less than 3 months maturity)	138.81	—
Share of Joint Venture	19.60	—
	4,820.15	5,810.93
3) Cash and Cash Equivalents :		
Cash and Cash Equivalents as above	4,816.28	5,799.36
Effect of Exchange Rate Changes	3.87	11.57
	<u>4,820.15</u>	<u>5,810.93</u>

4) Previous year's figure have been rearranged and/or regrouped wherever necessary.

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

#### For Lovelock & Lewes

Firm Registration Number 301056E  
Chartered Accountants

#### Prabal Kr. Sarkar

Partner

Membership No. 52340  
Kolkata, 1st June, 2016

#### Aditya Khaitan

Prasanta Kumar Chandra

Prabir Ghosh

Dibakar Chatterjee

- Chairman

- Wholetime Director & COO

- Wholetime Director & Group CFO

- Company Secretary

## Form AOC-1

{Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014}

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part 'A': Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs Lacs)

Sl. No.	1 Name of the subsidiary MBE Minral Technologies Pte Ltd.	2 MBE Minerals Zambia Ltd.	3 McNally Bharat Engineering (SA) Proprietary Ltd.	4 McNally Sayaji Engineering Ltd. (Consolidated with CMT India)	5 McNally Bharat Infrastructure Ltd.	6 McNally Bharat Equipment Ltd.
The date since when subsidiary was acquired	19 May 2009	21 May 2010	10 October 2012	16 November 2011	03 March 2008	07 March 2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period	Same as holding company's reporting period
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	US\$ 66.77	ZMK 0.01	ZAR 4.55	INR	INR	INR
Share capital	US\$ 49,95,816	ZMK 50,000	ZAR 2,037	89,892,730	1,000,000	1,000,000
Reserves and surplus	US\$ 75,44,589	ZMK (87,74,609)	ZAR (6,45,259)	1,398,669,328	(7,07,97,305)	(2,62,695)
Total assets	US\$ 2,35,22,303	ZMK 1,21,141	ZAR 9,107	5,982,113,368	87,764,569	837,519
Total Liabilities	US\$ 1,09,81,898	ZMK 88,45,750	ZAR 6,52,329	4,493,551,310	157,561,894	100,214
Investments	US\$ 26,75,419	—	—	2,500	—	—
Turnover	US\$ 3,83,136	ZMK 42,27,020	—	2,297,178,312	22,468,495	—
Profit before taxation	US\$ (7,13,873)	ZMK (38,52,929)	—	-166,793,557	(1,18,03,234)	(10,000)
Provision for taxation	US\$ (8,012)	ZMK (10,83,014)	—	3,095,218.00	69,307	—
Profit after taxation	US\$ (7,21,885)	ZMK (49,35,943)	—	169,883,775	(1,18,72,541)	(10,000)
Proposed Dividend	—	—	—	—	—	—
Extent of shareholding (in percentage)	100%	100%	100%	74.86%	99.40%	99.40%

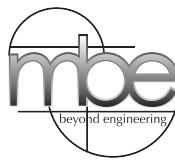
1. Names of subsidiaries which are yet to commence operations : Nil

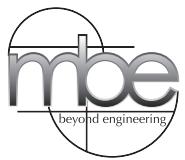
2. \*Names of subsidiaries which have been liquidated or sold during the year : MBE Coal & Mineral Technology India Private Limited

For and On behalf of the Board of Directors

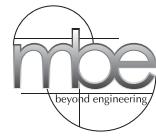
Prasanta Kumar Chandra  
Whole Time Director & COO

Prabir Ghosh  
Whole Time Director & Group CFO





## Notes



**McNally Bharat Engineering Company Limited**  
Ecospace Business Park, Campus-2B, 11F/12  
New Town, Rajarhat, North 24 Parganas, Kolkata 700 156  
T +91 33 66281111 30141111 F +91 33 68282277 30142277  
[www.mcnallybharat.com](http://www.mcnallybharat.com)



## McNALLY BHARAT ENGINEERING COMPANY LIMITED

Corporate Identity Number (CIN): L45202WB1961PLC025181

### Registered Office:

4 Mangoe Lane, Kolkata- 700 001, West Bengal, India

Tel: +9133-6628 1212, Fax No: +9133 6628 2277

E-mail: [mbecal@mbecl.co.in](mailto:mbecal@mbecl.co.in) | Website: <http://www.mcnallybharat.com>

## NOTICE

NOTICE is hereby given that the Fifty Third Annual General Meeting of the Members of McNally Bharat Engineering Company Limited will be held on Thursday, September 29, 2016, at 11:00 a.m at The Williamson Magor Hall, The Palladian Lounge, The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata – 700001, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements and audited consolidated financial statements of the Company for the financial year ended March 31, 2016, and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Non-Convertible Redeemable Preference Shares for the financial year ended March 31, 2016.
3. To consider and if thought fit to pass the following Resolution as an **Ordinary Resolution**

**"RESOLVED THAT** pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the recommendations of the audit committee of the Board of Directors and the resolution passed by its members at their Annual General Meeting held on July 30, 2014, the appointment of M/s Lovelock & Lewes, Chartered Accountants (FRN: 301056E) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company be and is hereby ratified at such remuneration as shall be fixed by the Board of Directors of the Company for the financial year ending March 31, 2017, as per the recommendations of the Audit Committee of the Board."

4. To appoint a Director in place of Mr. Aditya Khaitan (DIN: 00023788) who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint a Director in place of Mr. Amritanshu Khaitan (DIN: 00213413) who retires by rotation and, being eligible, offers himself for re-election

### Special Business:

6. To consider and if thought fit to pass the following Resolution as an **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 196 and 197 and other applicable provisions, if any, of the Companies Act, 2013, along with the Rules made thereunder (including any statutory modification(s) thereof) read with Schedule V of the Companies Act, 2013, approval of the Members be and is hereby accorded to the reappointment of Mr. Prasanta Kumar Chandra (DIN: 01919454), as the Whole Time Director & COO of the Company under the designation "Whole Time Director & Chief Operating Officer" for a further period of three years with effect from February 15, 2015, on the terms and conditions, including expressly the remuneration payable to him as Whole-time Director & COO, as set out below:

Basic Salary: Rs. 3,05,000/- per month (in the scale of Rs 1,50,000/- per month to Rs 7,50,000/- per month)

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Reimbursement: In addition to the salary and performance bonus payable, the Whole Time Director shall also be entitled to reimbursement of Rs.549,000/- per month, in the scale of Rs.400,000/- to Rs.1,000,000/-

Variable Pay and Other Benefits: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule V of the Companies Act, 2013

**Provided that -**

- 1) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- 2) The Company's contributions to the Provident Fund Scheme and the Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time, shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable, under Income Tax Act, 1961.
- 3) The Company's contributions to the Gratuity Fund in accordance with the Rules of the Company shall not be included in the computation of ceiling on perquisites.
- 4) Encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances aforesaid.
- 5) Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of ceiling of perquisites.
- 6) The total remuneration payable to the Whole Time Director & Chief Operating Officer by way of Salary, performance bonus and perquisites shall not exceed 5%, and along with other Whole Time Directors, if any, 10% of the entire profit of the Company, calculated in accordance with Sections 197 and 198 of the Companies Act, 2013. In the event of absence or inadequacy of profit during the period, the Whole Time Director & Chief Operating Officer shall be paid the above remuneration as minimum remuneration.

**"RESOLVED FURTHER THAT** in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits."

**"RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained hereinabove, where in any financial year the Company has no profits or its profits are inadequate, the remuneration as decided by the Board from time to time pursuant to the provisions of Schedule V of the Companies Act, 2013, shall be paid to Mr. Prasanta Kumar Chandra as minimum remuneration with the approval of the Central Government, if required, till the end of his tenure."

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

7. To consider and if thought fit to pass the following Resolution as an **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of sections 196 and 197 and other applicable provisions, if any, of the Companies Act, 2013, along with the Rules made thereunder (including any statutory modification(s) thereof) read with Schedule V of the Companies Act, 2013, approval of the Members be and is hereby accorded to the appointment of Mr. Prabir Ghosh (DIN: 01912656), as the Whole time Director of the Company under the designation "Whole Time Director" for a period of three years with effect from July 4, 2016, on the terms and conditions, including expressly the remuneration payable to him as Whole-time Director, as set out below:

Basic Salary: Rs. 3,05,000/- per month (in the scale of Rs 1,50,000/- per month to Rs 7,50,000/- per month)

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Reimbursement: In addition to the salary and performance bonus payable, the Whole Time Director shall also be entitled to reimbursement of Rs.395,000/- per month, in the scale of Rs. 300,000/- to Rs.1,000,000/-

Variable Pay and Other Benefits: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule V of the Companies Act, 2013

**Provided that -**

- 1) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.

- 2) The Company's contributions to the Provident Fund Scheme and the Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time, shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable, under Income Tax Act, 1961.
- 3) The Company's contributions to the Gratuity Fund in accordance with the Rules of the Company shall not be included in the computation of ceiling on perquisites.
- 4) Encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances aforesaid.
- 5) Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of ceiling of perquisites.
- 6) The total remuneration payable to the Whole Time Director by way of Salary, performance bonus and perquisites shall not exceed 5%, and along with other Whole Time Directors, if any, 10% of the entire profit of the Company, calculated in accordance with Sections 197 and 198 of the Companies Act, 2013. In the event of absence or inadequacy of profit during the period, the Whole Time Director shall be paid the above remuneration as minimum remuneration.

**"RESOLVED FURTHER THAT** in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits."

**"RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained hereinabove, where in any financial year the Company has no profits or its profits are inadequate, the remuneration as decided by the Board from time to time pursuant to the provisions of Schedule V of the Companies Act, 2013, shall be paid to Mr. Prabir Ghosh as minimum remuneration with the approval of the Central Government, if required, till the end of his tenure."

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

8. To consider and if thought fit to pass 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 Auditor M/s. A. Bhattacharya & Associates, Cost Accountants, appointed by the Board of Directors of the Company for conducting Audit of Cost Accounting records maintained by the Company as applicable, for the year ending March 31, 2017, the details of which are given in the Statement in respect of this item of business annexed to the Notice convening this Meeting, be and is hereby ratified".

By Order of the Board of Directors  
For **McNally Bharat Engineering Company Limited**

Kolkata  
August 12, 2016

**Dibakar Chatterjee**  
Company Secretary

#### **NOTES**

- The Statement pursuant to Section 102(1) of the Companies Act, 2013, with respect to special business set out in the Notice is annexed hereto.
- Members entitled to attend and vote at the Annual General Meeting (AGM) may appoint a Proxy to attend and vote thereat instead of himself. Proxy need not be a Member of the Company. Proxy forms, duly completed and stamped, must be received at the Company's Registered Office situated at 4 Mangoe Lane, Kolkata – 700001 at least forty-eight hours before the Meeting to be effective.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified true copy of the Board Resolution of the Company that authorizes such representative to attend and vote on their behalf at the meeting.
- The Company is providing the facility of remote electronic voting to the Members and the details are set out in the Annexure set herewith.
- The voting rights for the shares are one vote per equity share registered in the name of the shareholders/beneficial owners as of cut-off date of September 22, 2016.
- The facility for voting through ballot will be available at the AGM venue for those Members who do not cast their votes by remote e-voting prior to the AGM. Members, who cast their votes by remote e-voting prior to the AGM, may attend the meeting but will not be entitled to cast their votes once again.
- The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2016 to September 29, 2016 (both days inclusive).
- Pursuant to the provisions of Section 124 of the Companies Act, 2013, the amount of the Dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund.
- The Shareholders are requested to send directly all documents, transfer, demat requests and other communication in relation thereto to the Registrar at their following address:

M/S Maheshwari Datamatics Pvt. Ltd.  
 Unit: McNally Bharat Engineering Co. Ltd.  
 6 Mangoe Lane, 2<sup>nd</sup> Floor  
 Kolkata – 700001

- Members may also note that the Annual Report of the Company for the Financial Year 2015-16 and the Notice of the AGM to be held on September 29, 2016, will be available in the “Investors” section on the Company’s portal <http://www.mcnallybharat.com/>
- The information as required to be provided in terms of the Listing Agreement with the Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed is annexed.
- Members desiring any information as regards the Accounts are requested to write to the Company at least seven days prior to the meeting so as to enable the Management to keep the information ready at the Meeting.

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEMS OF SPECIAL BUSINESS SET OUT IN THE NOTICE CONVENING THE MEETING:**

**Item No. 6**

The Nomination & Remuneration Committee of the Board of Directors of the Committee recognized the contributions of Mr. Prasanta Kumar Chandra to the Company as its Whole Time Director & COO and therefore recommended the extension of his tenure to the Board of Directors of the Company on the terms and conditions specified in Resolution No. 6 above. The Board of Directors, thereafter at their meeting held on February 12, 2016, extended his tenure for a further period of three years with effect from February 15, 2016, subject to the approval of the Members of the Company, on the said terms and conditions as has been specified in Resolution No. 6 given above.

**Background Details**

Mr. Prasanta Kumar Chandra is a Mechanical Engineer, a Cost Accountant and has done his Post-graduation in Marketing Management. He has a brilliant academic record to his credit. He was 1977 batch all-branch topper in engineering from Bengal Engineering College, Shibpore. Later he secured All India First Rank in ICWAI final examination in 1984.

He has approximately 38 years of experience in various Multi-National and professionally managed Companies located at Kolkata, Mumbai and Jakarta (Indonesia) in the field of Design & Engineering, Manufacturing, Project Management, Operations Management and Corporate Planning.

He has been associated with various Institutes like the Institute of Cost & Works Accountants - India and the Mumbai University Master of Management Science Programme as a part-time Faculty Member on Finance Management, Management Accounting, Operations Management, Project Management etc. He has also acted as a UNDP Consultant at Dhaka for conducting a training programme at Institute of Cost & Management Accountants Bangladesh for management subjects, including Project Cost Control.

Mr. Prasanta Kumar Chandra currently holds 1,000 Equity Shares in the Company. He is not related to any of the Directors in the Board of Directors of the Company. He is currently not a director in any other listed company. No director, key managerial personnel or their relatives, except Mr. Prasanta Kumar Chandra, to whom the resolution relates, is interested or concerned with the resolution.

The Board recommends the resolution set forth in Item No. 6 for the approval of the Members.

#### **Item No. 7**

The Nomination & Remuneration Committee of the Board of Directors of the Committee recognized the contributions of Mr. Prabir Ghosh to the Company as its Whole Time Director & CFO. The Committee, therefore, recommended his appointment as the Whole Time Director of the Company for a period of three years with effect from July 4, 2016, on the terms and conditions specified in Resolution No. 7 above. The Board of Directors, thereafter at their meeting held on June 29, 2016, appointed him as the Whole Time Director of the Company for a period of three years with effect from July 4, 2016, subject to the approval of the Members of the Company, on the said terms and conditions as has been specified in Resolution No. 7 given above.

#### **Background Details**

Mr. Prabir Kumar Ghosh is a qualified Chartered Accountant (trained in Price Waterhouse) with over 31 years of experience in the areas of Financial Policies and Systems, Corporate Finance, Treasury Management, Manufacturing Accounting, International Finance including GDR, ECB & Suppliers credit, Taxation, Commercial Function including export, import, purchase, exim matters, handling and leading techno-commercial team for large projects, information system development, General Management, Industrial relations and Corporate Strategy. Till 1998 he was Sr Vice-President (Treasury), heading financial & commercial functions of India Foils Limited. Between 1999-2001 he served as President in IFB Agro Industries Ltd., having businesses in distillery, Liquor, marine processing and export. Since November 2001, he is working as Chief Financial Officer in MBE. He has played a crucial role in re-engineering process and repositioning of the Company to its current form.

He is serving as an active member in different committees and sub-committees (both in Eastern India and at national level) of CII, Bengal Chamber, and Indian Chamber. Mr. Ghosh also is a visiting guest faculty of Globsyn Business School.

Mr. Prabir Ghosh currently holds no shares in the Company. He is not related to any of the Directors in the Board of Directors of the Company. He is currently not a director in any other listed company.

No director, key managerial personnel or their relatives, except Mr. Prabir Ghosh, to whom the resolution relates, is interested or concerned with the resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

#### **Item No. 8**

The Board of Directors, on the recommendation of the Audit Committee, had approved the appointment of A. Bhattacharya & Associates, Cost Accountants, as Cost Auditors of the Company, subject to approval(s) as may be necessary, for auditing the cost accounts of the Company relating to the products as applicable for the financial year 2016-17 at a remuneration of Rs. 2,00,000/- and service tax at the applicable rate and reimbursement of out of pocket expenses at actual.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders of the Company.

The Board recommends the resolution set out at Item No. 8 for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

## **ADDITIONAL INFORMATION COMMON FOR ITEMS 6 & 7 OF THE STATEMENT ABOVE**

### **General Information:**

#### **1. Nature of Industry**

Engineering, Procurement and Construction (EPC) line of activities.

#### **2. Date of commencement of commercial production**

This is an active Company and is in operation since 1961.

#### **3. Financial Performance based on given indicators**

For the financial year ended March 31, 2016 –

Turnover	:	Rs. 244,633.29 lacs
Expenses	:	Rs. 276,409.89 lacs
Loss Before Taxes	:	Rs. 30,376.60 lacs
Tax Expense	:	Nil
Loss After Taxes	:	Rs. 30,376.60 lacs
Earnings per Equity Share	:	Rs. 66.50 (Basic), Rs. 66.50 (Diluted)

#### **4. Foreign Investments or collaborations**

The Company has the following major foreign subsidiaries:

- a. MBE Mineral Technologies Pte Ltd: Invested amount is US\$ 5,011,373 (649,459 Equity Shares of S'pore Dollar 10 each)
- b. MBE Minerals Zambia Ltd: Invested amount is US\$ 10,000 (49,999,996 Equity Shares of ZMK 1 each)
- c. McNally Bharat Engineering (SA) Proprietary Limited: Investment in 100 Equity Shares of ZAR 20.37 each fully paid.

### **OTHER INFORMATION:**

#### **1. Reasons for Loss or inadequacy of profits:**

The volatile financial and commodity markets resulting in high raw material prices, severe financial crunch in the market along with high interest cost of borrowings and the general inflationary pressure combined to exert intense pressure on the financial performance of the Company thus raising the probability of inadequacy of profits.

#### **2. Steps taken or proposed to be taken for improvement**

The Company has inducted a new promoter, EMC Limited, who has contributed substantially to the Equity of the Company. The business knowledge, experience of EMC limited and synergies of business between the two companies will not only help the Company to bring business, but at the same time will help the Company to execute the project more successfully and cost efficiently. This will also help the company to have a better operating cash flow and paying out some high interest bearing debts including bank borrowings. By this process, the Company expects to reduce its current levels of credit availed thus generating savings due to lower levels of servicing fixed-interest bearing financial obligations. To broad base its target market; the Company has successfully started its entry into construction into Oil & Gas sector, overseas projects, EPC projects in Cement sector and large infrastructure projects.

#### **3. Expected increase in productivity and profits in measureable terms**

The Company has a large Order Book in spite of slowdown in the industrial sector. It has received several high value orders from reputed clients (both Government and Private Sector), including one order for Bitumen Refinery in Sohar area of Oman, which your Company has received in a joint venture with the new promoter group of your Company, EMC Limited. With the reduction of finance cost, there will be a sharp improvement of working capital condition of the Company as well as availability of funds for the project execution. This will enable the Company to increase its productivity and project execution, which in turn will support the higher growth in its turnover for the financial year 2016-17 compared to the previous financial year. The Company maintains 7% to 8% EBIDTA on an average for its projects and it expects a similar margin in the future.

Combining it with day to day support that will be available from our new promoter group, EMC Limited, and in-house expertise in Engineering, Procurement and construction for timely execution of projects and efficient Contract and Financial Management, the Company expects to increase both its cash flows and profitability.

**INFORMATION OF THE DIRECTORS, OFFERING THEMSELVES FOR RE-APPOINTMENT, MENTIONED IN RESOLUTIONS NOS. 4 AND 5 PURSUANT TO THE PROVISIONS OF REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**1. Mr. Aditya Khaitan (DIN: 00023788)**

Mr. Aditya Khaitan hails from a renowned family of industrialists, having interest in diverse business activities. Mr. Khaitan has in-depth exposure to and involvement in steering diverse business and has gained considerable experience and expertise in management, production, marketing, corporate finance and other related areas of tea industry and also in the matter of restructuring, mergers, de-mergers and acquisitions of corporate entities.

Mr. Aditya Khaitan is related to Mr. Amritanshu Khaitan, a Non-Executive Director in the Board of Directors of the Company. He is not related to any other member of the Board of Directors of the Company.

He currently holds no shares in the Company.

Names of Listed Company in which Mr. Aditya Khaitan is a Director:

1	Williamson Magor & Co. Ltd	Director
2	Williamson Financial Services Ltd.	Director
3	Eveready Industries India Ltd	Director
4	McLeod Russel India Ltd	Managing Director Member – Audit Committee
5	Kilburn Engineering Limited	Director

**2. Mr. Amritanshu Khaitan (DIN: 00213413)**

Mr. Amritanshu Khaitan is an MBA from London Business School. He hails from a highly reputed Industrialist family based in Kolkata. The family has diversified business interests namely in Tea, Battery and Engineering. Mr. Amritanshu Khaitan was the Whole Time Director of Eveready Industries India Limited and was responsible for marketing and other activities of the Company and currently serves as its Managing Director.

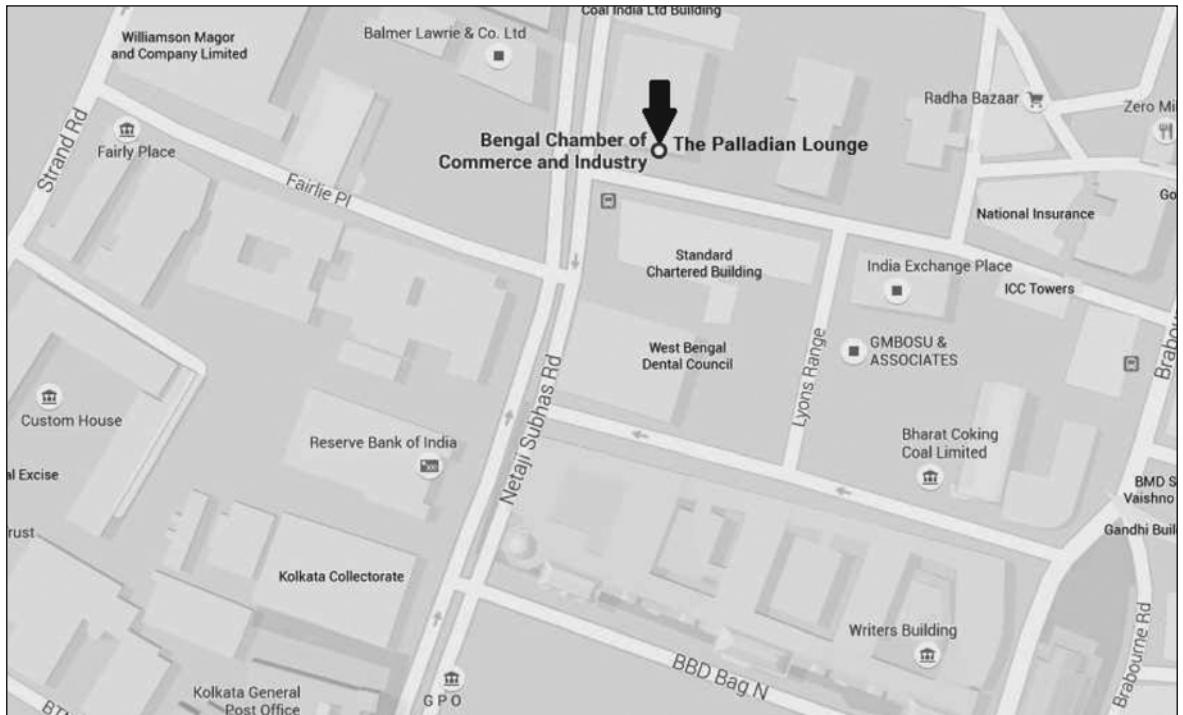
Mr. Amritanshu Khaitan is related to Mr. Aditya Khaitan, a Non-Executive Director in the Board of Directors of the Company. He is not related to any other member of the Board of Directors of the Company.

He currently holds no shares in the Company.

Names of Listed Company in which Mr. Amritanshu Khaitan is a Director:

1	Williamson Magor & Co. Ltd	Director
2	Kilburn Engineering Limited	Director
3	Eveready Industries India Ltd	Managing Director
4	McLeod Russel India Ltd	Director
5	Williamson Financial Services Ltd.	Director

## VENUE LOCATION MAP



*The Williamson Major Hall, The Palladian Lounge, The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata – 700001*

*(Major Landmarks: Opposite old Standard Chartered Building, 350mtrs away from General Post Office of Kolkata, 650mtrs away from BBD Bag Bus Terminus)*



## McNALLY BHARAT ENGINEERING COMPANY LIMITED

Corporate Identity Number (CIN): L45202WB1961PLC025181

### Registered Office:

4 Mangoe Lane, Kolkata- 700 001, West Bengal, India

Tel: +9133-6628 1212, Fax No: +9133 6628 2277

E-mail: [mbecal@mbecl.co.in](mailto:mbecal@mbecl.co.in) | Website: <http://www.mcnallybharat.com>

### ADDENDUM TO THE NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON THURSDAY, SEPTEMBER 29, 2016

The Company has received a notice along with the requisite fee of Rs. One Lakh from a member of the Company under Section 160 of the Companies Act, 2013, proposing the candidature of Ms. Arundhuti Datta as an Independent Director of the Company.

Accordingly, the Company is serving this notice to all the members of the Company under the provisions of Section 160 of the Companies Act, 2013, read with Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The following resolution shall be passed as Resolution No. 9 in the Annual General Meeting of the Company to be held on Thursday, September 29, 2016, at 11:00 a.m at The Williamson Magor Hall, The Palladian Lounge, The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata – 700001, as a **Special Business**.

#### RESOLUTION NO. 9

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) made thereof, for the time being in force) read with Schedule IV of the Companies Act, 2013, Ms. Arundhuti Datta (DIN: 03197285), who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 23, 2016, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, to propose Ms. Arundhuti Datta as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a term up to September 28, 2021, and whose office shall not be liable to retire by rotation.”

**Statement Pursuant to Section 102 of the Companies Act, 2013 in Respect of Items of Special Business Set Out in the Notice Convening the Meeting and information pursuant to the provisions of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Ms. Arundhuti Datta was appointed with effect from August 23, 2016, as an Additional Director to hold office up to the date of the forthcoming Annual General Meeting.

The Company has received notice in writing along with the requisite fee of Rs. One Lakh from a member of the Company under Section 160 of the Companies Act, 2013, proposing the candidature of Ms. Arundhuti Datta as an Independent Director of the Company

The Company has received from Ms. Arundhuti Datta a letter of consent to act as an Independent Director of the Company and intimation that she is not disqualified under Section 164(2) of the Companies Act, 2013.

The Company seeks the approval of the Members for the appointment of Ms. Arundhuti Datta to act as an independent director of the Company for a term upto September 28, 2021, and her office shall not be liable to retire by rotation.

**BRIEF BACKGROUND:**

Ms. Arundhuti Datta has worked in diversified sectors like HR Consultancy, Retail Banking, Infrastructure & Real Estate Management and Real Estate Research in organisation like American Express Bank, HDFC Bank & IL& FS Property Management, over the last 20 years. She developed new business verticals and winning teams in each assignment. She had promoted Siegwald Leadership Training Academy that specializes in training aspirants for the Armed Forces. She is also a partner with Lancer Technologies, the largest registered assessing body in India under Directorate General of Training, Ministry of Labour.

Your Directors are of the opinion that Ms. Arundhuti Datta fulfils all the required conditions under the provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) made thereof, for the time being in force), for such appointment. She currently does not hold any shares of the Company. She is not related to any of the Directors in the Board of Directors of the Company. She is currently not a director in any other listed company.

None of the Directors, other than Ms. Arundhuti Datta, are interested or concerned in the resolution.

Your Directors recommend the resolution for appointment of Ms. Arundhuti Datta for approval of the members.

By Order of the Board of Directors  
For **McNally Bharat Engineering Company Limited**

Kolkata  
August 23, 2016

**Dibakar Chatterjee**  
Company Secretary