

McNally Bharat Engineering Company Limited

CIN : L45202WB1961PLC025181
Ecospace Campus 2B 11F/12 (Old Plot No. AA II/Bik 3)
New Town Rajarhat North 24 Parganas Kolkata 700160
T +91 33 66281111 30141111 F +91 33 66282277 30142277
E mbe.corp@mbeccl.co.in W www.mcnallybharat.com

August 31, 2019

Bombay Stock Exchange Limited
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block, Bandra - Kurla
Complex, Bandra (E), Mumbai - 400 051

Dear Madam/Sir,

Sub: Submission of Annual Report for financial year 2018-19.

In accordance with the provisions of Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report for the financial year 2018-19.

Kindly take the same on record.

Thanking You,
Yours Faithfully,
For McNally Bharat Engineering Company Limited

Rahul Banerjee
Company Secretary



McNally Bharat Engineering Company Limited

Corporate Identity Number (CIN): L45202WB1961PLC025181

Registered Office: 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India

Tel: +9133-3014 1212, Fax No: +9133 6628 2277

E-mail: mbecal@mbecol.co.in | Website: <http://www.mcnallybharat.com>

NOTICE

NOTICE is hereby given that the Fifty Fifth Annual General Meeting of the Members of McNally Bharat Engineering Company Limited will be held on Thursday, September 26, 2019, at 11:00 a.m at Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata: 700 160, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated financial statements of the Company for the financial year ended March 31, 2019, and the Reports of the Directors and the Auditors thereon.
2. To consider declaration of dividend on Non-convertible Redeemable Preference Shares for the financial year ended March 31, 2019:

In absence of profit for the current year (2018-19), the Board of Directors of your Company considered it prudent not to recommend any dividend on Equity Shares for the year under review. Further, in view of accumulated losses, the Board of Directors of your Company is of the opinion that no dividend be rewarded to the Non-convertible Redeemable Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-convertible Redeemable Preference Shares of Rs. 100/- each.

3. To appoint a Director in place of Mr. Aditya Khaitan (DIN: 00023788) who retires by rotation and, being eligible, offers himself for re-election.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, in accordance with the provisions 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 financial year 2019-20, the details of which are given in the explanatory 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

Rahul Banerjee
Company Secretary

Kolkata, August 14, 2019

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 Four 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 on cut-off date of September 19, 2019.

The company has transferred the unpaid or unclaimed dividends declared up to financial years 2010-11, from time to time, to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 26, 2018 (date of last Annual General Meeting) on the website of the Company (www.mcnallybharat.com).

- The Members of the Company who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2012, and onwards as applicable, are requested to contact the Share Transfer Agent of the Company forthwith. Shares on which dividend remains unclaimed for seven consecutive years will be transferred to IEPF in terms of Section 124 of the Companies Act, 2013 and the applicable Rules made thereunder.
- 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 20, 2019 to September 26, 2019 (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 Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata – 700001.
- Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- **Compulsory Dematerialization of Securities as per Circular issued by SEBI**

It is hereby brought to the notice of all shareholders of the Company that Securities & Exchange Board of India (SEBI) has recently amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from April 1, 2019.

The shareholders who continue to hold shares and other types of securities of the Company in physical form even after this date, will not be able to lodge the shares with company / its RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the listed companies / their RTAs.

- 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 Private Limited
Unit: McNally Bharat Engineering Co. Ltd.
6 Mangoe Lane, 2nd Floor,
Kolkata – 700001

Members may also note that the Annual Report of the Company for the Financial Year 2018-19 and the Notice of the AGM to be held on Thursday, September 26, 2018, will be available in the “Investors” section on the Company’s portal <http://www.mcnallybharat.com>

- Complete particulars of the venue of the meeting including route map and prominent land mark for easy location is enclosed for the convenience of the members.
- 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 or operations of the Company 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. 4

The Board of Directors of the Company ('the Board') at the meeting held on 14th August, 2019, on the recommendation of the Audit Committee, approved the appointment of M/s A. Bhattacharya & Associates, Cost Accountants, as Cost Auditors of the Company, subject to approval(s) as may be necessary, to conduct audit of Cost Records maintained by the Company in respect of products as applicable for the financial year 2019-20 at a remuneration of Rs. 2,00,000/- plus goods and service tax as applicable 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, remuneration of the Cost Auditors needs ratification by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, are interested in the Resolution.

The Board recommends the Resolution for your approval.

Information of the Directors, offering themselves for re-appointment, mentioned in Resolution No. 3 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.

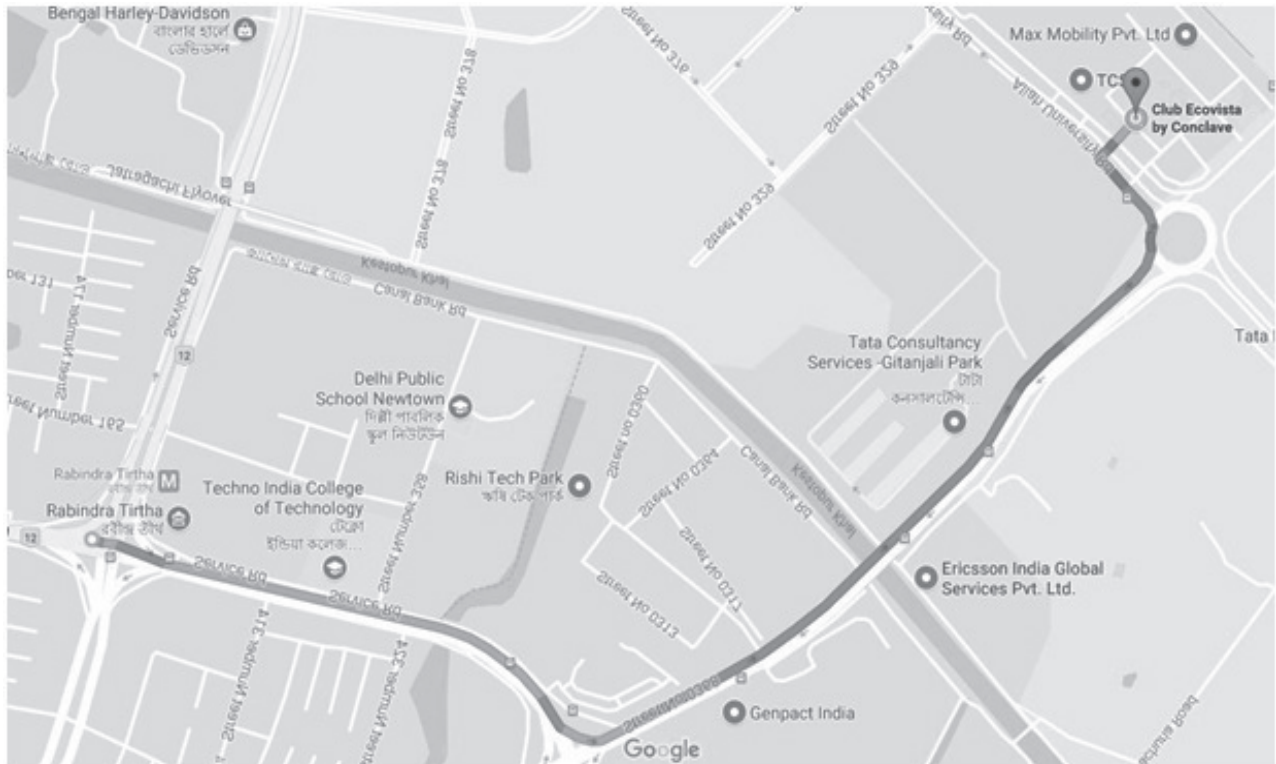
Mr. Aditya Khaitan is related to Mr. Amritanshu Khaitan, who resigned as a Non-Executive Director from the Board of Directors of the Company w.e.f. December 17, 2018. He is not related to any other member of the Board of Directors of the Company.

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	Non-executive Non-independent Director
2	Williamson Financial Services Ltd.	Non-executive Non-independent Director
3	Eveready Industries India Ltd	Non-executive Non-independent Director
4	McLeod Russel India Ltd	Executive Director (MD) Member – Audit Committee
5	Kilburn Engineering Limited	Non-executive Non-independent Director
6	McNally Sayaji Engineering Limited	Non-executive Non-independent Director

Venue Location Map



Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata: 700156

(Major landmarks: Rabindra Tirtha, Tata Medical Centre, Tata Consultancy Services– Geetanjali Park, Aliah University. Major bus stop – Ecospace Business Park)

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Monday, 23rd September, 2019 at 10:00 a.m. and ends on Wednesday, 25th September, 2019 at 05:00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the CDSL's e-voting portal **www.evotingindia.com**.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for McNally Bharat Engineering Company Limited.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:evoting@cdslindia.com).
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xxii) Mr. Atul Kumar Labh, Practicing Company Secretary, (FCS – 4848 / CP – 3238) of M/s. A. K. Labh & Co., Company Secretaries, Kolkata, has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.



McNally Bharat Engineering Company Limited
Corporate Identity Number (CIN): L45202WB1961PLC025181
Registered Office: 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India
Tel: +9133-3014 1212, Fax No: +9133 6628 2277
E-mail: mbecl@mbecl.co.in | Website: <http://www.mcnallybharat.com>

PROXY FORM
(MGT-11)

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L45202WB1961PLC025181
Name of Company : **McNally Bharat Engineering Company Limited**
Registered Office : 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India

Name of the Member(s) :
Registered Address :
E-mail Id :
DP / Client ID / Folio No.

I/We, being the member(s) of _____ Equity Shares of McNally Bharat Engineering Company Limited, hereby appoint:

1. Name : _____
Address: _____
E-mail Id : _____
Signature : _____

Or failing him,

2. Name : _____
Address: _____
E-mail Id : _____
Signature : _____

Or failing him,

3. Name : _____
Address: _____
E-mail Id : _____
Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 56th Annual General Meeting of the company, to be held on Thursday, September 26, 2019, at 11:00 a.m at Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata - 700 160 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	Vote*	
		For	Against
	ORDINARY BUSINESS		
1.	Adoption of Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 alongwith the Reports of Directors and Auditors thereon. (Ordinary Resolution)		
2.	Consideration of declaration of dividend on Non-convertible Redeemable Preference Shares for the financial year ended March 31, 2019. In view of accumulated losses, the Board of Directors of your Company is of the opinion that no dividend be rewarded to the Non-convertible Redeemable Preference Shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-convertible Redeemable Preference Shares of Rs. 100/- each. (Ordinary Resolution)		
3.	To appoint a Director in place of Mr. Aditya Khaitan (DIN: 00023788) who retires by rotation and, being eligible, offers himself for re-election. (Ordinary Resolution)		
	SPECIAL BUSINESS		
4.	Approval of remuneration of M/s. A. Bhattacharya & Associates, Cost Accountants, the Cost Auditor of the Company for the financial year 2019-20. (Ordinary Resolution)		

Signed this _____ day of _____, 2019

Signature of Shareholder:

Affix
Revenue
Stamp

Signature of Proxy holder(s):

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. * This is only optional. Please put a ✓ in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



McNally Bharat Engineering Company Limited

Corporate Identity Number (CIN): L45202WB1961PLC025181

Registered Office: 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India

Tel: +9133-3014 1212, Fax No: +9133 6628 2277

E-mail: mbecl@mbecl.co.in | Website: <http://www.mcnallybharat.com>

ATTENDANCE SLIP

Only Shareholders or Proxies will be allowed to attend the meeting

Serial Number	
Registered Folio / DP ID & Client ID	
Name and Address of the Shareholder	
Joint Holder(s)	
No. of Shares	

I/We hereby record my/our presence at the Annual General Meeting of the Company to be held on Thursday, September 26, 2019, at 11:00 a.m at Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata - 700 160.

Name of Shareholder(s)/Proxy present
(IN BLOCK LETTERS)

Signature of Shareholder(s)/proxy present

Note :

Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue duly signed.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	Password
190830006		

Note:

1. Please refer to Annexure to Notice of 56th Annual General Meeting, dated August 14, 2019, being sent herewith, in respect of the instructions for voting through electronic means.
2. The voting period starts from 10:00 a.m. IST on Monday, September 23, 2019 and ends at 5:00 p.m. IST on Wednesday, September 25, 2019.

Corporate Information

Board of Directors

Mr. Aditya Khaitan
Chairman

Mr. Srinivash Singh
Managing Director

Mr. Amritanshu Khaitan
Resigned w.e.f. December 17, 2018

Mr. Virendra Kumar Verma
Resigned w.e.f. April 01, 2019

Mr. Asim Kumar Barman

Mr. Partha Sarathi Bhattacharya
Resigned w.e.f. February 20, 2019

Ms. Arundhuti Dhar

Company Secretary

Mr. Indranil Mitra
Resigned w.e.f. July 10, 2019

Mr. Rahul Banerjee
Appointed w.e.f. August 14, 2019

Chief Financial Officer

Mr. Manoj Kumar Digga
Appointed w.e.f. July 14, 2018

Corporate Identification Number

L45202WB1961PLC025181

Registered Office

4, Mangoe Lane, Kolkata – 700001
West Bengal, India.
T: +91 33 2213 8901-05
F: +91 33 2230 3519

Corporate Office

Ecospace 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 1212 / 6628 1212
F: +91 33 3014 2277 / 6628 2277

Website and Email

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

Bankers

Bank of India
State Bank of India
IDBI Bank Limited
Axis Bank Limited
ICICI Bank Limited
Union Bank of India
Karur Vysya Bank Limited
Punjab National Bank
Standard Chartered Bank
Allahabad Bank
UCO Bank
United Bank of India
Bank of Baroda
Canara Bank Limited
Oriental Bank of Commerce
DCB Bank Limited
Lakshmi Vilas Bank Limited

Statutory Auditors

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai – 400018, India
T: +91 22 6667 9000
F: +91 22 6667 91 00
Resigned w.e.f. July 18, 2019

M/s. V. Singhi & Associates
Chartered Accountants

4, Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata – 700001, West Bengal, India
T: +91 33 3028 7838

Cost Auditors

M/s A. Bhattacharya & Associates
AB – 275, Salt Lake City,
Kolkata – 700064
West Bengal, India

Solicitors

Khaitan & Co. LLP
1B, Old Post Office Street,
Kolkata – 700001

Registrar & Share Transfer Agent

Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor,
Kolkata – 700001, West Bengal, India
T: +91 33 22435029 / 5809

Contents

Directors' Report	2	Independent Auditors' Report on	
Annexures to the Directors' Report	11	Consolidated Financial Statements	136
Independent Auditors' Report	65	Consolidated Financial Statements	146
Standalone Financial Statements	76	Consolidated Cash Flow Statement	148
Standalone Cash Flow Statement	78	Consolidated Statement of Changes in Equity	150
Standalone Statement of Changes in Equity	80	Notes to the Consolidated Financial Statements	151
Notes to the Financial Statements	81	Form AOC-1	211



Directors' Report

Your Directors have pleasure in presenting the Fifty Sixth Annual Report together with audited statement of accounts for the year ended March 31, 2019.

HIGHLIGHTS

The key highlights of the operations for the financial year 2018-19 over the previous year (based on standalone only in all cases) are as follow:

Total Income increased from Rs. 1,59,218.63 lakh to Rs. 1,76,410.21 lakh and earnings before Finance Cost, Depreciation & Amortization and Tax decreased from Rs. (4,240) lakh to Rs. (8,837) lakh.

FINANCIAL RESULTS

The Financial performance of the Company for the year ended March 31, 2019 is summarized below:

(Rs. in Lakhs)

Particulars	Standalone for the year ended March 31st	
	2019	2018
Revenue from operations and other income	176,410	159,219
Profit before Finance Cost, Depreciation & Amortisation and Tax	(8,837)	(4,240)
Less: Finance Cost	36,704	50,236
Earnings before Depreciation & Amortisation and Tax	(45,541)	(54,476)
Less: Depreciation & Amortisation	1,059	1,462
Profit Before Tax	(46,600)	(55,938)
Total Tax Expenses	-	(13,393)
Profit for the year	(46,600)	(42,545)
Other Comprehensive Income	(105)	(101)
Total Comprehensive Income of the year	(45,705)	(42,646)
Retained earnings amount brought forward from previous year	(123,467)	(80,821)
Transfer to / from General Reserve	Nil	Nil
Balance of Total Retained Earnings at the end of the year	(169,172)	(123,467)

STATE OF COMPANY'S AFFAIRS AND REVIEW OF OPERATIONS

The Financial year 2018-19 has been very challenging for your company. Non availability of working capital and increased interest burden have adversely impacted the profitability of the company. However, your company under the guidance of Mr. Srinivash Singh is committed to its vision to create long term stakeholder value.

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

The Lenders have started the process of Debt Resolution and appointed various agencies in this regard. The resolution process is expeditiously moving forward and the management is quite hopeful that the Lenders will complete the Resolution Process in the current financial year within the ambit of the RBI guidelines.

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

CHANGES, IF ANY, IN THE NATURE OF BUSINESS

No change has taken place in the nature of business of the Company during the year under review.

Directors' Report *(Contd.)*

MAJOR PROJECTS UNDER EXECUTION

The following major projects are under execution of your Company:

- Substation package SS01 for extension of 765 v Ranchi and 400kv Subhas gram substation for PGCIL
- BOP Package for 2 x 600 MW STPP of M/s SCCL
- R&R colony at Khinda, Odisha for M/s NLC
- 132 KV GIS Substation at Panagarh of M/s WBSETCL
- Coal Handling Plant for 1x500 MW TPS at Vindychal of NTPC
- Coal Handling Plant for 3x250 MW TPS at Bongaigaon of NTPC
- Civil Works of Ware House at Uluberia for M/s ESR
- 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 2x250 MW at Bhavnagar of M/s BECL
- Firefighting works at Uluberia for M/s ESR
- Dry Fly Ash conveying system at Farakka of NTPC
- CW & Make up Water Package for 2x600 MW at Nabinagar of NPGC
- Nabinagar - Water Pretreatment Plant
- By-Product Plant at Bhilai for BSP, SAIL
- 8MTPA capacity CHP at Manoharpur, Odisha for OCPL
- De-bottlenecking of Plant at Zawar of HZL
- 2MTPA Lead-Zinc beneficiation Plant at Zawar for HZL
- Balaria-Mochia Surface Crushing Plant at Zawar of HZL
- 2MTPA Paste Fill Plant at RA Mines for HZL
- 2MTPA Paste Fill Plant at SK Mines for HZL
- Construction of Entry Exit Structures & Other Civil Work at Kochi for DMRC

MAJOR ORDERS RECEIVED DURING THE YEAR

- Al Hadeetha Resources
 - Engineering job at Washihi Mozzaza Copper concentrator Project
- Hindustan Zinc Limited
 - Retaining wall construction, development of related infra and execution of electrical works at Zawar Mines

DIVIDEND

In absence of profit for the current financial year (2018-19), the Board of Directors of your Company considered it prudent not to recommend any dividend on Equity Shares for the year. Further, in view of the accumulated losses, no dividend will be rewarded to the Non-Convertible Preference shareholders, though they are entitled to receive dividend at a fixed rate of 11.50% on the Non-Convertible Redeemable Preference Shares of Rs. 100/- each.

The register of members and share transfer books will remain closed from September 20, 2019 to September 26, 2019 (both days inclusive).



Directors' Report *(Contd.)*

SHARE CAPITAL

During the year ended March 31, 2019, the Subscribed and Paid-up Equity Share Capital of the Company has been increased to 17,21,51,757 equity shares having a face value of Rs. 10/- each upon conversion of Compulsorily Convertible Preference Shares (CCPS) as per their terms of allotment. During the year, the company allotted 95,15,151 and 45,92,000 equity shares to the holders of CCPS (on conversion of same number of CCPS) belonging to Promoter and Public category respectively.

CHANGES IN THE BOARD OF DIRECTORS

The following changes have occurred in the Board of Directors during the year:

Resignation / Cessation:

- Mr. Amritanshu Khaitan (DIN – 00213413) who was a Non-executive Promoter Director, resigned from the Board of Directors w.e.f. December 17, 2018.
- Mr. P. S. Bhattacharya (DIN – 00329479) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. February 20, 2019.
- Mr. Virendra Kumar Verma (DIN – 00766426) who was a Non-executive Independent Director, resigned, due to his old age, from the Board of Directors w.e.f. April 01, 2019.

Your Directors take this opportunity to place on record their appreciation and gratitude for the valuable contributions made by the above-mentioned directors during their association with the Company.

Appointment / Reappointment:

In accordance with the provisions of the Articles of Association of the Company read with Section 152 of the Act, Mr. Aditya Khaitan (DIN – 00023788) will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

In compliance with Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the particulars of Mr. Aditya Khaitan (DIN – 00023788) form part of the Notice convening the 56th Annual General Meeting of the Company.

CHANGES IN THE KEY MANAGERIAL PERSONNEL:

The following changes have occurred in the Key Managerial Personnel during the year:

Appointment:

Mr. Manoj Kumar Digga, was appointed by the Board of Directors as the Chief Financial Officer (CFO) of the Company w.e.f. July 14, 2018.

Mr. Digga holds, by qualification, memberships of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He possesses more than 26 years of experience in the fields of Accounts, Finance and Secretarial functions. Immediately before joining the Company, he was associated with Visa Steel Limited as CFO and leading the finance and accounts of the group for 23 years.

As on March 31, 2019, the Company had three Key Managerial Personnel, being Mr. Srinivash Singh, Managing Director, Mr. Manoj Kumar Digga, Chief Financial Officer and Mr. Indranil Mitra, Company Secretary and Compliance Officer of the Company.

However, Mr. Indranil Mitra resigned from the position of Company Secretary and Compliance Officer of the Company w.e.f. July 10, 2019 and the Board of Directors having accepted his resignation; appointed Mr. Rahul Banerjee, a member of the Institute of Company Secretary of India (ICSI), (Membership No. 32796) as the Company Secretary and Compliance Officer of the Company w.e.f. August 14, 2019.

Directors' Report *(Contd.)*

NUMBER OF BOARD MEETINGS

The Board met six times during the year on April 16, 2018, May 29, 2018, August 14, 2018, August 29, 2018, November 14, 2018 and February 13, 2019. The intervening gap between any two Board Meetings was within the period prescribed by the Companies Act, 2013 ('the Act') read with the Listing Regulations.

BOARD EVALUATION

The evaluation of the Board, its Committees and of individual Directors for the financial year 2018-19 was undertaken in compliance with the provisions of Section 134(3)(p) and Schedule IV of the Act.

The Board was of the view that the performance of the Board of Directors as a whole was adequate and it 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 Act and the Listing Regulations, 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 Act and the Listing Regulations and at the same time contributed with their valuable knowledge, experience and expertise for the functioning of the Company and counter at the adverse challenges faced by the Company during the year.

Evaluation was also carried out by the Independent Directors of the non-independent Directors and the Board as a whole and the Chairman of the Company, considering the views of executive and non-executive Directors. The performance of all the Directors and Chairman was found to be extremely satisfactory in the present scenario.

DECLARATION REGARDING FULFILLMENT OF CRITERIA OF INDEPENDENCE

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

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 Act for the year ended 31st March, 2019, and states 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 2018-19 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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantee or investment made under Section 186 of the Act are furnished in the Notes to the Financial Statements for the year ended March 31, 2019.

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/



Directors' Report *(Contd.)*

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/assets/pdf/investor/policy/related-party-transaction-policy.pdf>.

DEPOSIT

During the financial year ended March 31, 2019, 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.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the financial year-end i.e. March 31, 2019 and the date of this report.

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 analyzed 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.

However, the Statutory Auditors of the Company has identified weaknesses with respect to establishing internal control framework relating to appropriateness of carrying amount of deferred tax, impairment of trade receivable and financial assets, recognition of gain on fair valuation of financial liabilities and payment of excess managerial remuneration. The auditors have considered these weaknesses as 'material weaknesses' in the Company's internal financial control. The Company is taking corrective measures in respect of all the above matters.

RISK MANAGEMENT POLICY

The Company has adopted and implemented a Risk Management Policy after identifying various risks which the Company encounters with during the course of its business none of which in the opinion of the Board of Directors may threaten the very existence of the Company itself. The Audit Committee and the Board of Directors of your Company regularly monitor the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting.

AUDIT COMMITTEE

The Audit Committee of the Board as on 31st March, 2019 consisted of Mr. V. K. Verma, Mr. A. K. Barman, Ms. Arundhuti

Directors' Report *(Contd.)*

Dhar and Mr. Srinivash Singh. Mr. V. K. Verma, a Non-Executive Independent Director, was the Chairman of the Audit Committee.

However, after the end of the Financial Year 2018 – 19, Mr. Virendra Kumar Verma, due to his old age, resigned from the directorship of the Company w.e.f. April 01, 2019 and hence Board of Directors nominated Mr. Asim Kumar Barman as the Chairman of the Audit Committee by passing a resolution by circulation on May 23, 2019.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

Pursuant to the provisions of Section 178(10) of the Act, 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 victimization 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/assets/pdf/investor/policy/vigil-policy.pdf>.

PARTICULARS OF SUBSIDIARIES AND CONSOLIDATION OF ACCOUNTS

Your Company has the following subsidiaries as on March 31, 2019:

- McNally Sayaji Engineering Limited (MSEL)
- McNally Bharat Equipments Limited (MBEL)
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited
- Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. August 29, 2018)

McNally Sayaji Engineering Limited has the following subsidiary:

- MBE Coal & Mineral Technology India Private Limited

During the year under review, the Board of Directors of your Company reviewed the affairs of material subsidiaries. In accordance with Section 129(3) of the Act, your Company has prepared, in addition to the Standalone Financial Statements of the Company, consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. Further, the report on the performance and financial position of each of the subsidiary, associate and joint venture and salient features of the financial statements in the prescribed Form AOC-1 is annexed to the financial statements of the Company.

Information pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014 regarding financial highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company during the period under report is given herein-below :-

(Rs. in lakh)

Sl. No.	Subsidiary Companies	Business Activities	Turnover (Rs.)	Income (Rs.)
1.	McNally Sayaji Engineering Limited	Manufacturer of crushing, screening, grinding, material handling and mineral processing equipment.	25,996	(3,776.38)
2.	McNally Bharat Equipments Limited	-	-	(0.74)
3.	MBE Mineral Technologies Pte Limited	Investment holding and provision of management and related support services.	-	(58,23,399) [#]
4.	MBE Minerals Zambia Limited	-	-	(1,250)*
5.	Vedica Sanjeevani Projects Private Limited [†]	Construction business.	-	-

[#] Figures in US \$ not in INR lakhs.

* Figures in ZMK not in INR lakhs.

[†] Ceased to be subsidiary w.e.f. August 29, 2018



Directors' Report *(Contd.)*

Further, in accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of each of the subsidiary will be available on the website of the Company i.e. www.mcnallybharat.com, in a downloadable format. These documents will also be available for inspection during business hours at the registered office of the Company. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request.

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), was appointed as the Statutory Auditors of your Company in the fifty-fourth Annual General Meeting (AGM) of the Company held on September 20, 2017 for a period of five consecutive years from the conclusion of the said AGM until the conclusion of the fifty-ninth AGM.

Further, M/s. V. Singhi & Associates, Chartered Accountants, Kolkata, (ICAI Firm Registration No. 311017E), was appointed as the Joint Statutory Auditors of the Company in its fifty-fifth AGM held on September 26, 2018 to hold office for a period of three consecutive years from the conclusion of fifty-fifth AGM till the conclusion of the fifty-eighth AGM.

However, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, submitted their resignation on July 18, 2019 with immediate effect and the Board of Directors by way of resolution passed by circulation on July 19, 2019 noted the same and took on record that the other Joint Statutory Auditor, M/s. V. Singhi & Associates, Chartered Accountants, henceforth to continue as the sole statutory auditors of the Company till the completion of their term.

STATUTORY AUDITORS' REPORT

The Board has duly examined the Statutory Auditors' Report to the accounts and the Board's clarifications regarding the qualified opinions of the Statutory Auditors on the Standalone Financial Statements of the Company are given in **Annexure – A** to this report.

COST AUDITORS

M/s A. Bhattacharya & Associates, Cost Auditors had been appointed as Cost Auditors for conducting the audit of cost records of the Company for the Financial Year 2018-19.

INSURANCE

Adequate insurance has been taken for the assets of the Company including various ongoing projects, plant and machineries deployed by contractors or the Company, motor vehicles etc. Insurance policies have also been taken by the Company to safeguard various project sites from loss on account of burglary. Further, insurance for Directors and Officers Liability has also been taken by the Company.

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, in relation to Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo is given in **Annexure – B** to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Regulation 34(2)(e) of the Listing Regulations, a Management Discussion and Analysis Report is attached as **Annexure – C** forming part of this Report.

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Directors' Report *(Contd.)*

A CSR Policy has been formulated by the CSR Committee and the same is available on the website of the Company at: <http://www.mcnallybharat.com/assets/pdf/investor/policy/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 – E**.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Company as on March 31, 2019 comprised of Mr. Asim Kr. Barman, a Non-Executive Independent Director as its Chairman and Mr. V. K. Verma and Mrs. Arundhuti Dhar, 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 Act read with Clause 19 of the Listing Regulations is attached to this report as **Annexure – F**.

EXTRACT OF ANNUAL RETURN

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

COMPLIANCE WITH THE SECRETARIAL STANDARDS

The Company has in place proper systems to ensure compliance with the provisions of the applicable Secretarial Standards, issued by The Institute of Company Secretaries of India. The Company is constantly upgrading its compliance management and monitoring system to adhere to all the necessary Secretarial Standards on a continuous basis.

SECRETARIAL AUDITORS

In terms of the requirements of Section 204 of the Act, the Secretarial Audit of the Company for the year ended March 31, 2019, was conducted by M/s. A. K. Labh & Co., Company Secretaries. The Secretarial Auditors' Report is attached to this Report as **Annexure – H** and forms part of the Directors' Report. Board's clarifications regarding the qualified opinions of the Secretarial Auditor are also addressed in the said annexure after the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

Pursuant to Section 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014,

- the ratio of the remuneration of each Director to the median employee's remuneration and other particulars and
- details of employees of the Company who were in receipt of remuneration of Rs. 102 Lakhs or more if employed throughout the financial year or a monthly remuneration of Rs. 8.5 Lakhs or more if employed for part of the financial year are attached to this Report as **Annexure – I**.

OCCUPATIONAL HEALTH & SAFETY:

McNally Bharat Engineering Company Limited, is an Occupational Health & Safety Assessment Series (BS OHSAS 18001: 2007) certified Company with a brief scope of 'Project Management, Design, Manufacturing, Supply, Construction, Erection & Commissioning of Industrial and Infrastructure Development Projects on Turnkey Basis and Construction of Industrial and Infrastructure Development Projects'.

McNally Bharat Engineering Company Limited is committed for Occupational Health & Safety Policy of the organisation and capable of meeting the requirement as per national or international OH&S standards. In line with the said OH&S requirement organisation has 'OH&S Management System' manual, periodic audit, training, inspection to ensure OH&S compliance at all our project sites. 'Daily OH&S Message' via email to all users of the company gives regular updates in OH&S requirements in work area. In common sharing in-house intranet webpage (MBE Bridge) all OH&S procedures, checklists, certificate copies and training models are available for employees to access.



Directors' Report *(Contd.)*

McNally Bharat Engineering Company Limited always strive for achieving 'Zero Fatality Goal' and to bring it into reality set target to reduce Total Reportable Incident Rate (ie; TRIR) which was 0.76 (in 2012) comes down to 0.19 (in 2018). This low incident rate shows a sustainable improvement in Occupational Health & Safety Management System compare to other EPC firms in India.

There are many satisfied customers, who issued 'Merit Certificate' or 'Certificate of Appreciation' for our excellent safety performance at their project sites (like, BPCL, NTPC, PDCL, TPL, HMEL etc.). in addition to that, our organisation has maintained LTI (Loss Time Injury) free records in many prestigious project sites, few of them are Hindustan Zinc Ltd, DMRC, DGMAP, CPCL, Adani Power etc.

This year McNally Bharat Engineering Company Limited Won '5 Star' rating on 'Safety Management System Audit – 2018-19 in HMEL-Bhatinda (O&M) site for best safety performance. Our organisation achieved many national (National Safety Awards in NTPC Bongaigaon, ACC Jamul, TPL-Kalinganagar, S K Mines etc.) and international (RoSPA Awards in IISCO Burnpur, RSP-Rourkela, BOP Satpura etc.) for best safety performance in project sites in the past.

OTHER DISCLOSURES

The Company has in place a policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. During the year under review, no complaint has been received regarding sexual harassment of women at workplace.

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

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman

Management's Reply to Qualifications in Statutory Auditor's Report

Annexure A

Qualification 1:

The Company has recognised deferred tax assets amounting to Rs. 51,706.60 Lakhs as at 31st March, 2019. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. Consequently, deferred tax assets is overstated and losses for the year is understated by Rs. 51,706.60 Lakhs and accumulated deficit is understated by Rs. 51,706.60 Lakhs.

Management's Reply:

The Company had deferred tax assets of Rs. 51,706.60 lakhs as on 31st March, 2018. The company is undergoing debt restructuring and have made out a resolution plan based on a techno-economic viability study conducted by an independent agency appointed by its lenders. Based on the aforesaid study and the future profitability projections therein, the management believes that there will be adequate future taxable profits available against which existing deferred tax assets up to 31st March, 2018 can be utilised.

Further, the company has been advised that the resolution plan would result in substantial taxable profits which would be set off against the said deferred tax assets. The company has not created any further deferred tax asset during the year 2018-19 taking a conservative approach. The above matter was elaborately discussed in the audit committee meeting of the company held on May 30, 2019.

Qualification 2:

We draw attention to Note No. 5 to the standalone financial statements which relates to the recognition of Fair Value Gain amounting to Rs 87,482.00 Lakhs in Other Equity on deferment of payment of amounts received from certain Companies on conversion of those amounts into interest-free long-term loans. We are unable to obtain sufficient and appropriate audit evidence to substantiate the contractual validity of the transaction and the accounting treatment in the Standalone Financial Statements.

Further, interest expense during the year on the aforementioned amounts up to the date of conversion aggregating to Rs. 9,216.88 Lakhs has not been recognised in the statement of profit and loss.

Management's Reply:

The company is undergoing debt restructuring which involve significant sacrifices from its lenders including elongated repayment periods. As per the sanction terms of the lenders, the company shall not repay any monies brought in by its promoters and their group companies by way of deposits/loans and/or advances without their specific approval. In such circumstances, the lenders command priority for repayments of their loan over repayments of deposits/loans from promoter group companies. Accordingly, in the course of the ongoing resolution plan, the Company has, during the year ended 31st March, 2019, deferred repayments and converted the amounts received from certain promoter group companies aggregating to Rs. 98,592.96 lakhs into interest-free long-term loans / deposits, which would be repayable after the payment of lenders obligations. Fair valuation gain of Rs. 87,482.00 lakhs was recognised out of aforesaid transaction as per Indian Accounting Standards. Consequentially, the interest amounts of Rs 9216.88 lakhs calculated on the said debts as per earlier terms have also not been recognised in the statement of profit and loss. The company has informed to the respective promoter group companies about the said changes arising out of the proposed Resolution Plan, which is under discussion and finalisation with the lenders.

Qualification 3:

Trade receivables and other financial assets includes certain old balances related to completed projects amounting to Rs. 8785.37 Lakhs which are outstanding for more than two years and are unconfirmed and claims recoverable [representing bank guarantees invoked by customers] amounting to Rs. 14,461.21 Lakhs resulting from alleged performance default events and hence doubtful of recovery. We are unable to comment upon the recoverability of these balances.



Management's Reply to Qualifications in Statutory Auditor's Report *(Contd.)*

Management's Reply:

The management of the Company is hopeful to realise the amount from the Trade Receivables and other financial assets in due course of time.

Qualification 4:

We draw attention to the Note 7 of the statement regarding waiver of recovery of excess managerial remuneration amounting to Rs. 220.09 lakhs (Rs. 220.03 lakhs for the year March 31, 2018) paid/payable to the managing director for which the Company is in the process of obtaining approval from the banks to whom default in repayment of dues was made and from the shareholders of the Company in terms of section 197(17) of the Act. Pending approval from the banks and from the shareholders of the company, we are unable to comment on the consequential effect of the matter on this Standalone Statement.

Management's Reply:

Since the company did not have profit during the year, the managerial remuneration payment of Rs. 220.09 lakhs is in excess of the limits provided in terms of Section 197 of the Companies Act, 2013. The Company is in the process of taking necessary approvals for waiver of the said excess managerial remuneration and after obtaining the consent from the lenders, necessary notice of postal ballot for obtaining approval of the shareholders have been vetted by the Board at its meeting held on May 30, 2019.

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman

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

Annexure B

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	-
	Corporate Guarantee Commission	-
	Interest Income	-
	Service Charges	-
Foreign Exchange Outgo	Travelling	29.35
	Professional and Consultation fees	13,346.65
	Interest Expenses	81.31
	Others	-

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman



Management Discussion & Analysis Report

Annexure C

OVERVIEW

With the new Government having thumping majority in the recent Lok Sabha Election, business outlook is expected to have exponential growth during the forthcoming period. The year 2018-19 suffered very badly due to lack of Government investment in core sector industries where McNally Bharat Engineering Company Limited (MBECL) has got a strong presence and its growth largely depends. GDP grew just 5.8 per cent in the Q4 of FY18-19, lower than market expectations and behind China for the first time in two years. Growth for FY18-19 was 6.8 per cent, lower than 7.2 per cent in the previous financial year. There is an evident slowdown in economic activity across sectors. Agriculture, forestry and fisheries grew at 2.9 per cent in 2018-19 against 5 per cent a year ago. Manufacturing sectors growth rate slowed down as opposed to 6.9% in June 2018. Power generation fared comparatively better with growth rate of 8.2% as against 8.5% of the previous year. Mining and quarrying grew at 1.3 per cent against 5.1 per cent in 2017-18, while electricity, gas, water supply and other utility services grew at 7 per cent. The index of industrial production (IIP), a measure of industrial activity, grew at 3.7 per cent in the quarter ending December 2018, the lowest in five quarters. The cumulative growth rates in manufacturing, mining & power during April-June 2019 over corresponding period of 2018 were 3%, 3.1% & 7.2% respectively. Corporate India's sales and gross fixed assets grew the second slowest in five years, even as consumption tanked.

Banking sector is facing a credibility crisis in the wake of scams and shadow banking sector represented by NBFCs is under strain by collapse of IL&FS after its default on number of bank payments. As a consequence, the banks have become over-strict and not allowing any concession even though they understand that construction companies need leverage and flexibility to run their business operation. Due to the recent NPAs in banks of Infrastructure and EPC companies, the tendency is towards sending companies towards NCLT rather than considering revival of stressed assets and helping in improving cash-flows.

Despite the above slow down which was also partly due to the timing of Lok Sabha election held during the first quarter FY 19-20 and related uncertainties, the new Government is taking adequate steps to bring the growth back on track by boosting consumption, tackling the credit squeeze, reviving exports, disinvestments and fast pace industrial growth. Government has projected a USD 5 trillion economy by 2025. Though this has come under speculation and comments from notable business leaders, there has also been appreciation and strong initiatives from PMO's office to implement the same.

On the face of the subdued industrial growth and difficulty financial conditions, company has been able to complete most of the old legacy projects and expects to complete rest of them by end of this financial year. Company secured INR 2088 crore new projects within the last 1-1/2 year are smoothly running on time and INR 300 crore worth of orders will spill over to the next financial year. Need of the time is to book INR 1500 crore orders and execute at least INR 500 crore in the next 6 months. Task is uphill and herculean.

Now, company has taken new initiatives to explore business prospects overseas in in-house technology driven areas as well as to align itself with the Government's spending plans in the following areas:

1. Highways
2. Railways
3. Airport
4. Retail – warehouse construction
5. Defence
6. Flue Gas Desulphurization (FGD)
7. Solar Power
8. Institutional Buildings
9. Health Care
10. Urban/Rural Development
11. Customer Services – Operation & Maintenance

Management Discussion & Analysis Report (Contd.)

INFRASTRUCTURE

In the last couple of years one of the main driving forces for the Indian Economy has been the infrastructure segment with substantial investment being proposed by the Government of India.

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world-class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In 2018, India ranked 44th out of 167 countries in World Bank's Logistics Performance Index (LPI) 2018.

Market Size

Foreign Direct Investment (FDI) received in Construction Development sector (townships, housing, built up infrastructure and construction development projects) from April 2000 to December 2018 stood at US\$ 24.91 billion, according to the Department of Industrial Policy and Promotion (DIPP). The logistics sector in India is growing at a CAGR of 10.5 per cent annually and is expected to reach US\$ 215 billion in 2020.

Investments

India has a requirement of investment worth Rs. 50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space. Some key investments in the sector are listed below.

- In 2018, infrastructure sector in India witnessed private equity and venture capital investments worth US\$ 1.97 billion.
- In June 2018, the Asian Infrastructure Investment Bank (AIIB) has announced US\$ 200 million investment into the National Investment & Infrastructure Fund (NIIF).
- Indian infrastructure sector witnessed 91 M&A deals worth US\$ 5.4 billion in 2017

Government Initiatives

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport.

The Government of India is taking every possible initiative to boost the infrastructure sector. Announcements in Union Budget 2019-20:

- The Government of India has given a massive push to the infrastructure sector by allocating Rs 4.56 lakh crore (US\$ 63.20 billion) for the sector.
- Communication sector allocated Rs 38,637.46 crore (US\$ 5.36 billion) to development of post and telecommunications departments.
- The Indian Railways received allocation under Union Budget 2019-20 at Rs 66.77 billion (US\$ 9.25 billion). Out of this allocation, Rs 64.587 billion (US\$ 8.95 billion) is capital expenditure.
- Rs 83,015.97 crore (US\$11.51 billion) allocated towards road transport and highway.
- Rs 3,899.9 crore (US\$ 540.53 billion) to increase capacity of Green Energy Corridor Project along with wind and solar power projects.
- Allocation of Rs 8,350.00 crore (US\$ 1.16 billion) to boost telecom infrastructure.
- Water supply to be provided to all households in 500 cities.
- Allocation of Rs 888.00 crore (US\$ 110.88 million) for the upgradation of state government medical colleges (PG seats) at the district hospitals and Rs 1,361.00 crore (US\$ 188.63 million) for government medical colleges (UG seats) and government health institutions.



Management Discussion & Analysis Report (Contd.)

MBECL is focusing with full potential to tap the immense opportunity in Infrastructural sector. Highways, Railways, Airports, Buildings and warehouse construction have become the major thrust area in FY 2019 – 20.

POWER

The need for quality power is very pertinent in the development of the economy and to spur growth and welfare of all in the nation. The government has embarked on a plan to provide quality energy to the remotest corner of the country.

India's power sector is one of the most diversified in the world. Sources of Power generation range from conventional sources such as Coal, Lignite, Natural gas, Oil, hydro and Nuclear power to viable non-conventional sources such as wind, solar and agricultural & domestic waste.

Total installed capacity of power station in India stood at 356100 Megawatt (MW) as on April 2019. The renewable component of the above-mentioned capacity stands at 77641 MW, with Solar contributing around 28180 MW.

The major thrust by the government has been in strengthening the transmission and distribution network, enabling each citizen of the country to receive quality power. Hence on an average 1 lakh crore per annum is being proposed to be spent on the same.

This opens a huge vista for EPC organisations and MBECL is poised to take advantage in this segment apart from traditional business in the power projects.

Another trend which has been observed is the increase in the market for “Operation & Maintenance” of different power utilities. Most of the power utility owners, both conventional and renewable are facing shortage of experienced and qualified plant and system operators and are day by day becoming dependent on agencies that can provide competitive manpower and technology solutions for running the plant. Here again we have tremendous potential for growth, which we are taking advantage off.

A SWOT ANALYSIS OF MBECL

Strengths

The strength of the Company lies in references for diverse sectors like Material Handling, Steel, power, cement, mineral processing, water and infrastructure. MBECL possesses:

- A strong engineering backbone with in-house technology in areas like beneficiation, pneumatic handling, material handling etc.;
- Strong EPC execution capability with a large sub-contractor base;
- In-house manufacturing for key equipment for EPC projects;
- Strong quality checking & safety systems;
- Strong support of promoters and company's commitment to complete all jobs notwithstanding losses in the interest of the customers.

Weaknesses

The weaknesses are banking constraints, cash-flow issues, lack of qualification in highways, airports, irrigation sectors. To overcome this, MBECL is augmenting its experience of forming JV partners and strategic alliances.

Opportunities

In the last five years vacuum has been created for EPC contracting business by the liquidation and exit of many players. This provides an opportunity for MBECL to regain its position in the domestic market. Opportunities for MBECL lies in new areas of business like Solar Power, FGD, Highways, Railways, Defence and Building construction in social sector, and also forming partnerships for creating opportunities in countries like Bangladesh, Africa, Turkey & UAE. With oil becoming scarce and natural gas becoming expensive, the GCC countries as well as Europe is looking forward for exploring their mineral resources. This provides overseas opportunities in mining & mineral beneficiation sector. With implementation of

Management Discussion & Analysis Report (Contd.)

GST, logistics has become an area of attraction for FDI. The industry has witnessed the entry of large players like Warburg, Pincus, Logos, Avendus, etc. in the warehousing space. It is projected that there will be investment in Warehousing of more than 45,000 crore in the next 2-3 years. MBECL has already executed a 7 lakh sq. ft. warehousing project in West Bengal.

Threats

Continued financial stress due to delayed bank restructuring, competitors exploiting MBECL's financial weakness to malign company's brand name, besides, invocation of Bank Guarantees by the customers without consideration are major threats.

SEGMENT WISE OR PRODUCT WISE 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 & BUSINESS STRATEGY

Keeping in view the overall business scenario, both domestic and overseas, company has relooked at business strategy and trying to align its resources as follows:

- Initiate steps to have Joint Venture (JV) partners from overseas with sound financials, credentials wherein MBE can become a domestic partner for execution of the project by demonstrating its project & construction management skills, resource mobilization ability and provide confidence to overseas partners about the safety, security and success of their venture in areas.
- MBECL is in advance stage of discussion and in the course of finalization of JV partners in Europe and Middle East. Primarily, for aggressively executing projects in highways, railways, airports, smart cities, social sector buildings, renewable power, water management and infrastructure building.
- It is also planning to use its core competence in mines and mineralogy, solar power, material handling and providing engineering and project management services in Middle East, Europe and Africa particularly in the ferrous and non-ferrous metals and gypsum, fluorspar, rock phosphate, Graphite, etc. For domestic project, company has made up its strategy to secure shorter duration project, faster turnover of its resources to maximize benefit of its available resources. Strategizing to restructure the company's overall debts by seeking cooperation from financially sound investors/business houses to avail the proven credential and expertise of MBECL's technology.
- Create confidence in the mind of lenders by speedy completion of the project and safeguarding guarantees and investments of the lenders.
- As per last year's resolution of the company, 90% of the old projects which were incomplete have been completed and balance is expected to be over by March 2020. By this action, the company has been able to regain its goodwill in the market from its valued customers.
- With the strategy of expanding business by JV partners from overseas and entering in the global market on the inherent strength and expertise of MBE, the lenders and other stake holders are in the process of looking at the company's revival plan and growth prospects.
- Creation of new avenues in the areas of Defence equipment production, MRO (Maintenance, Repair and Overhauling of armored vehicles), Bailey bridge, manufacture of Loco components for Railways is expected to accelerate the revival plan.

RISKS & CONCERNS AND RISK MANAGEMENT

The risk management system covers from initiation of tender, bid decision and transfer of the risks envisaged to the project execution team. Considering the entry into new areas like highways & overseas projects the particular risks for such areas is evaluated in conjunction with the marketing, contracts and finance teams. To make the system unbiased a predictive methodology through macro-data and machine learning techniques is being implemented. The major risks being in schedule and costs areas, methods like Monte Carlo simulation in project planning with primavera/MS project is applied. To capture data and minimize errors 5D building information management has been introduced. This method is



Management Discussion & Analysis Report (Contd.)

complimented by contract review at senior management level and taking necessary coverage through proper insurance or contingency plans.

For the other operational and fraud risk control the Internal Audit team has already commenced the process in 3rd quarter 2018-19 and its integration with the ERM is underway.

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.

Business strategy of the organization has guided the formation of the Enterprise Risk Management (ERM) for the company. The process started one year back and is under implementation. Considering the flexibility and execution requirements for a projects driven company the system is being continuously reevaluated to establish a robust system.

The risks are broadly categorized into Strategic, Operational, Financial (Compliance & Reporting) & Hazardous Risks. The Components of Enterprise Risk Management include:

- a) Entity level controls
- b) Process Risks & Controls
 - ✓ Internal controls over financial reporting
 - ✓ Operational controls
 - ✓ Fraud risk controls
- c) IT General Controls

Entity level & IT General controls are being followed under Indian Accounting Standards as required by the listing requirements at Bombay Stock Exchange.

For the rest of the components, the Implementation of ERM is divided into phases as below:

Phase I: Implementation of Internal controls over financial reporting

Phase II: Implementation of operational & fraud risk controls

The Companies Act, 2013 mandated Indian Companies to implement internal controls over financial reporting effective from 01st April 2018. The management has documented all key finance and business processes impacting financial reporting, tested the key controls for adequacy and operating effectiveness during the financial year 2018-19.

Since majority of the business is in Projects, a project risk management framework has been implemented in the ERP and being monitored periodically for all new projects on the ERP. The risk framework captures Strategic, Operational, Financial and Hazardous risks. This is supported by an issue management interface.

FINANCIAL PERFORMANCE

The details of financial performance with respect to operational performance have been provided in the Report of the Board of Directors.

Management Discussion & Analysis Report (Contd.)

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company firmly believes that its greatest strength lies in its Human Resources. The organization has been increasingly emphasizing on development of knowledge and skills of its employees to align with the changing business scenario.

The organization offers a congenial work environment cutting across hierarchy and diverse work groups to foster a healthy work culture.

In terms of employee care, the organization provides benefits and allowances which are in keeping with market trends. Your Company also provides comprehensive insurance coverage for employees to take care of medical exigencies and unforeseen situations. Your Company is continuing with its organizational transformation initiatives with a key focus on restructuring to become a more agile and robust organization. Employee relations remained cordial throughout 2018-19. As on March 31, 2019 number of people employed by the Company was 769.

The industrial relations during the year have been cordial.

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. Industry 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 assured.

Kolkata, August 14, 2019 For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman

Your Company's Report containing the details of the Company's policies on Corporate Governance and due compliance report on specific areas wherever applicable for the year ended March 31, 2019 are given hereunder:

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 has been assisted by the Managing Director, 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:

- 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 five members at the end of the financial year, consisting of three non-executive Independent Directors who account for 60 percent of the Board's strength as against minimum requirement of 50 percent as per the Listing Regulations.

The strength of the Board is accentuated by its diversity in terms of skills, professionalism, knowledge and experience. The Board of Directors has identified that the Directors shall possess key skills such as goal oriented, experience in planning, policy-making, risk management and financial affairs, strategic thinking & decision making, leadership, integrity and maintaining of confidentiality, managing relationships with the Board, Management Team, Regulators, Bankers, Industry representatives and other Stakeholders, commitment, independence of

Corporate Governance (Contd.)

behaviour and judgment and ability to deploy knowledge and expertise in the best interest of the Company. The Directors shall possess knowledge or experience in domain areas such as Power Sector, Infrastructure Sector, Coal and Mining Sector, Steel, Oil and Gas Sector, Finance and Accounts, Statutory and Regulatory compliance, Risk Management, Information Technology, Human Resources, etc. The Directors are persons of repute with strength of character and professional eminence and bring a wide range of experience and expertise to the Board.

The details of composition of the Board including category of Directors, Directorship(s), Committees' Membership(s)/Chairmanship(s) and Directorship(s) held in other listed entities as on March 31, 2019 are as follows:

Name of Directors	Category of Directors	No. of other Directorships held *		No. of other Board Committee(s) of which he/she is a		No. of shares held in the Company as at March 31, 2019	Names of Listed Entities where the Director is a Director as at March 31, 2019 and Category of such Directorships
		Public	Private	Member	Chair-person		
Mr. Aditya Khaitan DIN - 00023788	Promoter – Non-executive Chairman	8	1	3	1	Nil	Non-executive Non-independent Director: Williamson Magor & Co. Limited Kilburn Engineering Limited McNally Sayaji Engineering Limited Eveready Industries India Limited Williamson Financial Services Limited Executive Director: McLeod Russel India Limited
Mr. Srinivash Singh DIN - 00789624	Executive Director (MD)	1	–	–	–	Nil	Non-executive Non-independent Director: McNally Sayaji Engineering Limited
Mr. Asim Kr. Barman DIN - 02373956	Non-executive Independent	–	–	–	–	Nil	–
Ms. Arundhuti Dhar DIN - 03197285	Non-executive Independent	–	–	–	–	Nil	–
Mr. Amritanshu Khaitan^A DIN - 00213413	Promoter –Non-executive	8	2	–	1	8000	Non-executive Non-independent Director: Williamson Magor & Co. Limited Kilburn Engineering Limited McLeod Russel India Limited Williamson Financial Services Limited Executive Director: Eveready Industries India Limited

Corporate Governance (Contd.)

Name of Directors	Category of Directors	No. of other Directorships held *		No. of other Board Committee(s) of which he/she is a		No. of shares held in the Company as at March 31, 2019	Names of Listed Entities where the Director is a Director as at March 31, 2019 and Category of such Directorships
		Public	Private	Member	Chair-person		
Mr. P. S. Bhattacharya^B DIN - 00329479	Non-executive Independent	8	1	–	–	Nil	Non-executive Independent Director: Tide Water Oil Co India Limited Ramkrishna Forgings Limited
Mr. Virendra Kr. Verma^C DIN - 00766426	Non-executive Independent	–	–	–	–	700	–

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

- A. Mr. Amritanshu Khaitan (DIN - 00213413) who was a Non-executive Promoter Director, resigned from the Board of Directors w.e.f. December 17, 2018. Relevant form under the Companies Act, 2013 has been submitted before the appropriate authority.
- B. Mr. P. S. Bhattacharya (DIN - 00329479) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. February 20, 2019. He also confirmed that there had been no other material reason for his resignation. Relevant form under the Companies Act, 2013 has been submitted before the appropriate authority.
- C. Mr. Virendra Kumar Verma (DIN - 00766426) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. April 01, 2019. He also confirmed that there had been no other material reason for his resignation. Relevant form under the Companies Act, 2013 has been submitted before the appropriate authority.

Notes:

1. All Independent Directors have confirmed their independence to the Company.
2. The Non-Executive Directors have no pecuniary relationship, other than remuneration as such director or transactions with the Company in their personal capacity. Except Mr. Aditya Khaitan and Mr. Amritanshu Khaitan, who are related to each other, no Director is related to any other Director on the Board.
3. The Board periodically reviews compliance reports of all laws applicable to the Company and takes steps to rectify instances of non-compliance.
4. 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 Directors and Senior Management Personnel regarding compliance with the Code of Conduct for the year ended March 31, 2019. A declaration to this effect signed by the Managing Director is attached to this report.
5. All the directors who are on various Committees are within the permissible limits stipulated by the Listing Regulations. The Directors have intimated from time to time their membership in the various Committees in other Companies.
6. No convertible instruments are held by non-executive directors.

(b) Selection of Independent Directors:

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on

Corporate Governance (Contd.)

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 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.

During the year under review, the Company had a Familiarisation Programme for Independent Directors and the same is disclosed on the website of the Company at: <http://www.mcnallybharat.com/assets/pdf/investor/policy/familiarisation-programme-for-IDs.pdf>.

(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	1,20,000
Mr. Asim Kumar Barman	3,00,000
Ms. Arundhuti Dhar	3,60,000
Mr. Amritanshu Khaitan	40,000
Mr. P. S. Bhattacharya	1,00,000
Mr. Virendra Kumar Verma	1,60,000
TOTAL	10,80,000

(e) Details of Remuneration paid/payable to the Managing Director::

(Rs. in lakh)

Particulars of Remuneration		Mr. Srinivash Singh
A.	Under Companies Act, 2013	
	Salary	2,19,96,000
	Perquisites	13,200
	Total (A)	2,20,09,200
B.	Additional Particulars as per Listing Regulations	
	Leave Encashment at the end of tenure	-
	Contribution to P. F. and Other Funds	-
	Total (B)	-
	Total (A+B)	2,20,09,200

Notes:

- None of the non-executive Directors receives any remuneration from the Company apart from the sitting fees for meetings attended by them.
- The resolutions appointing the Managing Director do not provide for payment of severance fees.

Corporate Governance (Contd.)

(f) Board Meetings and Attendance of Directors:

- (i) The members of the Board have been provided with the requisite information mentioned in the Listing Regulations well before the Board Meetings and the same were dealt with appropriately.
- (ii) During the year, 6 (six) meetings of the Board of Directors were held on April 16, 2018; May 29, 2018; August 14, 2018; August 29, 2018; November 14, 2018 and February 13, 2019.
- (iii) The attendance recorded for each of the Directors at the Board Meetings during the year ended on March 31, 2019 and at the last Annual General Meeting is as under:

Name of Directors	Number of Board Meetings attended	Attendance at the last AGM
Mr. Aditya Khaitan	6	Yes
Mr. Srinivash Singh	6	Yes
Mr. Asim Kumar Barman	5	Yes
Ms. Arundhuti Dhar	6	No
Mr. Amritanshu Khaitan ^A	2	No
Mr. P. S. Bhattacharya ^B	5	No
Mr. Virendra Kumar Verma ^C	4	No

A. Resigned from the Board of Directors w.e.f. December 17, 2018.

B. Resigned from the Board of Directors w.e.f. February 20, 2019.

C. Resigned from the Board of Directors w.e.f. April 01, 2019.

(g) Code of conduct:

The Code of Conduct of the Company as adopted by the Board of Directors is applicable to all Directors, senior management and employees of the Company. The Code is available on the Company's corporate website at: <http://www.mcnallybharat.com/investor/code-of-conduct>.

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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. 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;

Corporate Governance (Contd.)

- 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 and the composition of the committee was changed once during the year under review, upon inclusion of Mr. Srinivash Singh, Managing Director of the Company, in the



Corporate Governance (Contd.)

Committee w.e.f. November 14, 2018. The composition of the Audit Committeeas at the end of the year was as under:

Mr. Virendra Kumar Verma	-	Chairman
Mr. Asim Kumar Barman	-	Member
Ms. Arundhuti Dhar	-	Member
Mr. Srinivash Singh	-	Member

All the members of the Audit Committee, except Mr. Srinivash Singh, are Non-executive Independent Directors. The Committee has elected Mr. Virendra Kumar Verma as its Chairman. All the members of Audit Committee are financially literate and Mr. Verma possesses accounting and related financial management expertise.

The Audit Committee met five times during the year under review, on May 29, 2018, August 14, 2018, August 29, 2018, November 14, 2018 and February 13, 2019. 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. Asim Kumar Barman	5
Ms. Arundhuti Dhar	5
Mr. Srinivash Singh	2

At the invitation of the Company, representatives from various divisions of the Company, Chief Financial Officer, Internal Auditors, Statutory Auditors and the Company Secretary who is acting as the secretary to the Audit Committee also attended the Audit Committee Meetings to respond to queries raised at the meetings.

After the end of the Financial Year 2018-19, Mr. Virendra Kumar Verma, due to his old age, resigned from the directorship of the Company w.e.f. April 01, 2019 and hence Board of Directors nominated Mr. Asim Kumar Barman as the Chairman of the Audit Committee by passing a resolution by circulation on May 23, 2019.

VI. Nomination and Remuneration Committee

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

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal;
- To carry out evaluation of every Director's performance;
- 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;
- To formulate the criteria for evaluation of Independent Directors and the Board;
- To recommend/review remuneration of the Executive Director(s) and Whole-time Director(s) based on their performance;
- 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;
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Corporate Governance (Contd.)

Composition:

The composition of the Committee as at the end of the year was as under:

Mr. Asim Kumar Barman	-	Chairman
Mr. Virendra Kumar Verma	-	Member
Ms. Arundhuti Dhar	-	Member

All the members of the Nomination and Remuneration Committee are Non-executive Independent Directors. During the year under review, three meetings of the Nomination & Remuneration Committee were held on August 14, 2018, November 14, 2018 and February 13, 2018 and the attendance of the members of the Committee was as follows:

Name of Remuneration Committee Member	Number of meetings attended
Mr. Asim Kumar Barman	3
Mr. Virendra Kumar Verma	2
Ms. Arundhuti Dhar	3

Performance Evaluation Criteria for Independent Directors and Criteria for making Payments to non-executive Directors:

The Company has adopted a policy on remuneration for Directors, Key Managerial personnel and other employees and has laid down performance evaluation criteria for Independent Directors. The above policies are available in Annexure – F to the Directors' Report. Further, the criteria of making payments to non-executive directors may be accessed at the website of the Company at the following link: <http://www.mcnallybharat.com/assets/pdf/investor/policy/remuneration-policy.pdf>

VII. Stakeholders' Relationship Committee

The composition of the Stakeholders' Relationship Committee as at the end of the year was as under:

Mr. Asim Kumar Barman	-	Chairman
Mr. Srinivash Singh	-	Member
Ms. Arundhuti Dhar	-	Member

The Stakeholders' Relationship Committee of the Company met once during the year on April 19, 2018. The attendance of the members of the Stakeholders' Relationship Committee was as follows:

Name of Stakeholders' Relationship Committee Members	Number of meetings attended
Mr. Asim Kumar Barman	1
Mr. Srinivash Singh	1
Ms. Arundhuti Dhar	1

All investor complaints, which cannot be settled at the level of the Registrars – Maheshwari Datamatics Private Limited and the Company Secretary and Compliance Officer, are required to be forwarded to the Stakeholders' Relationship Committee for final settlement.



Corporate Governance (Contd.)

Investors' Grievances

The following table shows the nature of complaints received from shareholders during 2018-19:

Nature of complaints	Pending as on 01.04.2018	Received during the year	Replied/ Resolved during the year	Pending as on 31.03.2019
Non-receipt of Dividend Warrants	0	0	0	0
Non-receipt of Share certificates	0	0	0	0
Non-receipt of Annual Reports	0	1	1	0
Total	0	1	1	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, 2019, and all requests for dematerialization and re-materialization of shares as on that date were confirmed/ rejected into the NSDL / CDSL system.

VIII Corporate Social Responsibility Committee

Under Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee of the Directors was constituted by the Board. The composition of the Committee as at the end of the financial year was as under:

Mr. Asim Kumar Barman	- Chairman
Mr. Srinivash Singh	- Member
Ms. Arundhuti Dhar	- Member

During the year, a meeting of the Corporate Social Responsibility (CSR) Committee was held on November 14, 2018. The attendance of the members of the Committee was as follows:

Members of CSR Committee	Number of meetings attended
Mr. Asim Kumar Barman	1
Mr. Srinivash Singh	1
Ms. Arundhuti Dhar	1

IX. Meeting of Independent Directors

Pursuant the provisions of Clause VII of Schedule IV to the Companies Act, 2013 read with Clause 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Company was held during the year under review, on February 13, 2019. The same was attended by all the independent directors i.e. Mr. P. S. Bhattacharya, Mr. Virendra Kumar Verma, Mr. Asim Kumar Barman and Ms. Arundhuti Dhar.

X. Extraordinary General Meeting

No Extra-ordinary General Meeting of the Company was held during the year.

Corporate Governance (Contd.)

XI. Allotment Committee:

The Board of Directors of the Company at its meeting held on February 13, 2019, reconstituted the Allotment Committee upon resignation of Mr. Amritanshu Khaitan from directorship of the Company. The Allotment Committee consisted of the following members as shown herein below:

From April 01, 2018 to February 12, 2019	With effect from February 13, 2019
Ms. Arundhuti Dhar – Chairperson	Ms. Arundhuti Dhar – Chairperson
Mr. Amritanshu Khaitan – Member	Mr. Asim Kumar Barman – Member
Mr. Srinivash Singh – Member	Mr. Srinivash Singh – Member

The Allotment Committee of the Company met twice during the year on April 02, 2018 and September 29, 2018. The attendance of the members of the Allotment Committee was as follows:

Members of Allotment Committee	Number of meetings attended
Ms. Arundhuti Dhar	2
Mr. Amritanshu Khaitan	0
Mr. Srinivash Singh	2
Mr. Asim Kumar Barman	0

XII. Subsidiary Companies

Your Company has the following subsidiaries:

- McNally Sayaji Engineering Limited (MSEL)
- McNally Bharat Equipments Limited (MBEL)
- MBE Mineral Technologies Pte Limited
- MBE Minerals Zambia Limited
- Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. August 29, 2018)

McNally Sayaji Engineering Limited has the following subsidiary:

- MBE Coal & Mineral Technology India Private Limited

XIII. Other Disclosures

(a) Disclosures on materially significant related party transactions having potential conflict with the interests of the Company: NIL

(b) 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. Necessary fines, as imposed by Stock Exchanges for delays with relation to submission of financial results of quarter ended December 31, 2018 and application for in-principle approval for listing of shares pursuant to allotment, were paid by the Company. Apart from aforesaid fines, no other 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 the same has been disclosed in the Company's website at: <http://www.mcnallybharat.com/assets/pdf/investor/policy/vigil-policy.pdf>. The Management affirms that no personnel have been denied access to the Audit Committee.



Corporate Governance (Contd.)

(d) Compliance with Mandatory requirements and adoption of Non-mandatory requirements:

All the mandatory requirements of the Listing Regulations have been appropriately complied with and compliance with the non-mandatory requirements is given below.

(e) Related Party Transactions:

The Company has adopted a policy on dealing with Related Party Transactions and the same is disclosed in the website of the Company at <http://www.mcnallybharat.com/assets/pdf/investor/policy/related-party-transaction-policy.pdf>.

There was no material related party transaction for the year ended March 31, 2019 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) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: During the year, necessary fines, as imposed by Stock Exchanges for delays with relation to submission of financial results of quarter ended December 31, 2018 and application for in-principle approval for listing of shares pursuant to allotment, were paid by the Company.

(j) None of the non-executive directors has any pecuniary relationship, other than remuneration as such director or transactions with the company.

(k) All the mandatory requirements have been appropriately complied with.

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

(m) Management Discussion and Analysis forms part of the Annual Report to the shareholders.

(n) The policy for determining 'material' subsidiaries is disclosed in the website of the Company at: <http://www.mcnallybharat.com/assets/pdf/investor/policy/policy-on-material.pdf>.

XIV. Compliance with Non-Mandatory Requirements

The status of compliance in respect of non-mandatory requirements of Regulation 27(1) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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.

Corporate Governance (Contd.)

(iii) Reporting of Internal Auditors:

The Reports of Internal Auditors are placed before the Audit Committee on a quarterly basis.

XV. Compliance Certificate

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

XVI. 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
53rd	Thursday	September 29, 2016	11.00 a.m	Williamson Magor Hall The Palladian Lounge The Bengal Chamber of Commerce & Industry 6, Netaji Subhas Road, Kolkata– 700001
54th	Wednesday	September 20, 2017	11.00 a.m	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata – 700156
55th	Wednesday	September 26, 2018	11:00 a.m.	Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata – 700156

Details of Special Resolutions adopted in the previous three AGMs:

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

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
To reappoint Mr. Prasanta Kumar Chandra (DIN - 01919454) as the Whole Time Director & C.O.O. of the Company.	September 29, 2016	28816723 100% of the Valid Votes casted	NIL
To reappoint Mr. Prabir Kumar Ghosh (DIN - 01912656) as the Whole Time Director of the Company.	September 29, 2016	28816723 100% of the Valid Votes casted	NIL
To appoint Mr. Srinivash Singh (DIN - 00789624), as the Managing Director of the Company, functioning in professional capacity and who has attained the age of 71 years, for a period of three years with effect from December 14, 2016.	September 20, 2017	38657530 99.996% of the valid votes cast.	1532 0.004% of the valid votes cast.
To waive the recovery of remuneration amounting to Rs. 1,04,43,951/- paid to Mr. Prabir Kumar Ghosh (DIN - 01912656) as the Whole-time Director of the Company during the financial year ended March 31, 2017 or such other amount as may be approved by the Central Government, over and above the limit prescribed under the provisions of Section 197 of the Companies Act, 2013 read with the applicable provisions of Schedule V to the Companies Act, 2013.	September 20, 2017	38655452 99.991% of the valid votes cast.	3570 0.009% of the valid votes cast.

Corporate Governance (Contd.)

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in favour	No. of shares and % of Votes against
To waive the recovery of remuneration amounting to Rs. 1,10,20,600/- paid to Mr. Prasanta Kumar Chandra (DIN – 01919454) as the Whole-time Director & C.O.O. of the Company during the financial year ended March 31, 2017 or such other amount as may be approved by the Central Government, over and above the limit prescribed under the provisions of Section 197 of the Companies Act, 2013 read with the applicable provisions of Schedule V to the Companies Act, 2013.	September 20, 2017	38655452 99.991% of the valid votes cast.	3570 0.009% of the valid votes cast.
To seek consent of the members regarding keeping the Register of Members and Index of Members at the office of the Company's Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited at 23, R. N. Mukherjee Road, 5 th Floor, Kolkata – 700001 or at such other place within Kolkata to which the said office is shifted.	September 20, 2017	38648530 99.973% of the valid votes cast.	10532 0.027% of the valid votes cast.
Approval of waiver of managerial remuneration amounting to Rs. 40.82 lakh paid/payable to Mr. Prabir Kumar Ghosh (DIN – 01912656), one of the erstwhile Whole Time Director of the Company, for holding office as such for the period of five months from April 01, 2017 to August 31, 2017 during the financial year ended March 31, 2018.	September 26, 2018	70797591 99.9994% of the valid votes cast.	435 0.0006% of the valid votes cast.
Alteration of Articles of Association of the Company.	September 26, 2018	70797606 99.9994% of the valid votes cast.	420 0.0006% of the valid votes cast.

Mr. A.K. Labh, a Practicing Company Secretary was appointed scrutinizer to scrutinize the e-voting process for the AGMs held on September 29, 2016, September 20, 2017 and September 26, 2018.

The following Special Resolutions were adopted at the Extra-ordinary General Meeting of the Company during the past three financial years and e-voting facilities were made available to the shareholders:

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Amendment of Articles of Association of the Company	March 16, 2017	38666044 99.99% of the valid votes casted	10 0.01% of the valid votes casted
Allotment of Compulsorily Convertible Preference Shares (CCPS) to Williamson Magor & Company Ltd	March 16, 2017	38665994 99.99% of the valid votes casted	60 0.01% of the valid votes casted
Allotment of Compulsorily Convertible Preference Shares (CCPS) to Equity Shareholders and certain Debenture holders of Vedica Sanjeevani Projects Pvt. Ltd.	March 16, 2017	38665994 99.99% of the valid votes casted	60 0.01% of the valid votes casted

Corporate Governance (Contd.)

Particulars of Special Resolution	Resolution adopted on	No. of shares and % of Votes in Favour	No. of shares and % of Votes against
Allotment of Equity Shares to certain investors on a Preferential basis	March 16, 2017	38666044 99.99% of the valid votes casted	100 0.01% of the valid votes casted
Allotment of Compulsorily Convertible Preference Shares (CCPS) to certain investors on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast
Allotment of Compulsorily Convertible Preference Shares (CCPS) to Williamson Magor & Co. Limited, Williamson Financial Services Limited and Babcock Borsig Limited on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast
Allotment of Equity Shares (Equity Shares) to certain investors on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast
Allotment of warrants to certain investors on a preferential basis.	March 15, 2018	42449230 100% of the valid votes cast	21 0.0000% of the valid votes cast

Mr. A. K. Labh, a Practicing Company Secretary was appointed scrutinizer to scrutinize the e-voting process for the EGMs held on March 16, 2017 and March 15, 2018.

Means of Communication of Quarterly results:

(i)	Which newspapers normally published in	Financial Express (All India Edition) Sukhabar (Bengali), Kolkata.
(ii)	Any web site, where displayed	www.mcnallybharat.com
(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.

XVII. General Shareholder Information

(a) Annual General meeting to be held:

Day, Date, time and venue:

Day : Wednesday
Date : September 26, 2019
Time : 11:00 a.m.
Venue : Auditorium, Club Eco Vista, Ecospace Business Park,
Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata – 700156

(b) Financial Year : 1st April to 31st March.

(c) Period of Book Closure : September 20, 2019 to September 26, 2019
(Both days inclusive)



Corporate Governance (Contd.)

(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 2018-19. In this context, it is being disclosed here that listing application for allotment of 8,32,87,939 Equity Shares is pending approval of Stock Exchanges.

Stock Codes:

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

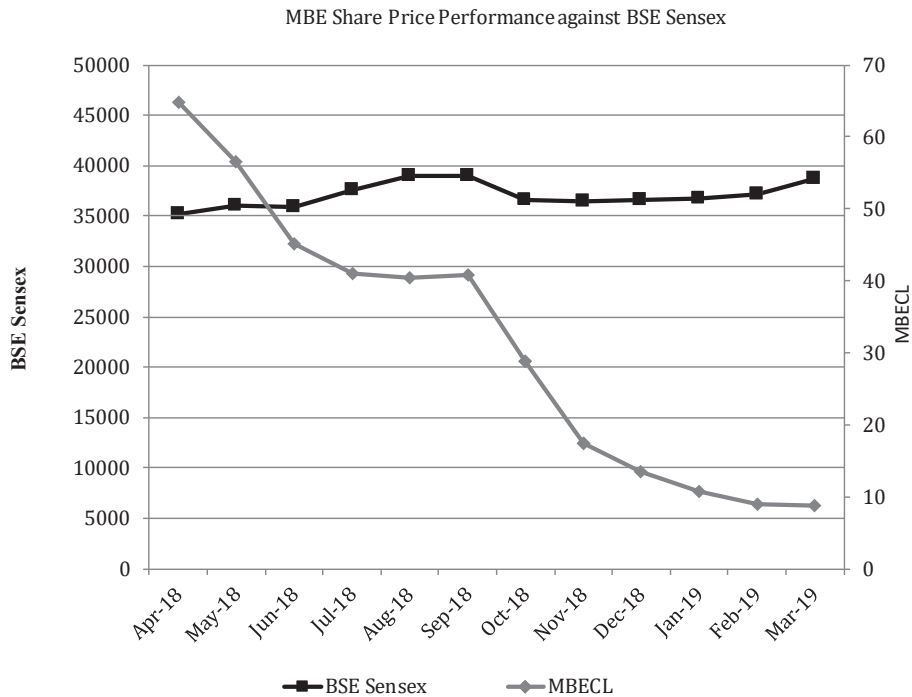
(e) Market Price Data:

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 2018-19 are as under:

Month	BSE Ltd.		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-18	64.85	58.10	64.70	58.05
May-18	56.55	42.75	56.40	42.65
Jun -18	45.20	37.15	45.90	37.30
Jul-18	40.95	33.00	41.10	32.60
Aug-18	40.40	32.00	40.35	32.00
Sep-18	40.75	30.40	40.70	31.15
Oct-18	28.90	13.65	29.60	13.55
Nov-18	17.49	12.90	17.50	12.30
Dec-18	13.49	10.48	13.05	10.20
Jan-19	10.71	8.80	10.65	8.70
Feb-19	8.99	7.30	8.80	7.35
Mar-19	8.70	6.77	8.50	6.85

Corporate Governance (Contd.)

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, 23, R.N Mukherjee Road, 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 dematerialization and re-materialization should be sent directly to Maheshwari Datamatics Private Limited, 23, R.N. Mukherjee Road, 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.

Corporate Governance (Contd.)

(h) Distribution of Shareholding as on 31st March, 2019:

Share Holding	No. of Holders	% age	No. of Shares	% age
Upto 500	11791	78.7958	1698130	0.9864
501 to 1000	1347	9.0016	1133343	0.6583
1001 to 2000	752	5.0254	1189318	0.6909
2001 to 3000	275	1.8377	710282	0.4126
3001 to 4000	140	0.9356	506327	0.2941
4001 to 5000	139	0.9289	662562	0.3849
5001 to 10000	221	1.4769	1727244	1.0033
Above 10000	299	1.9981	164524551	95.5695
Grand Total	14964*	100.0000	172151757	100.0000

* The distribution list shows actual number of equity shareholders. However, the shareholding pattern shows number of equity shareholders as 14971, reason being, seven shareholders holding CCPS (convertible into equity) were included in the shareholding pattern as per the requirement of Stock Exchanges.

(i) Pattern of Shareholding as on 31st March, 2019:

Sl. No.	Category	No. of Holders	No. of Shares
1	Promoter & Promoter Group		
	- Individual/HUF (Indian)	3	32021
	-Bodies Corporate (Indian)	10	71129787
	-Individual/HUF (Foreign)	-	-
	-Bodies Corporate (Foreign)	-	-
2	Mutual Funds	-	-
3	Financial Institutions/Banks	3	102195
4	Insurance Companies	1	600
5	Foreign Institutional Investors	1	42236
6	Domestic Companies	305	84736300
7	Foreign Companies	-	-
8	Resident Individual	14360	14993942
9	Non Resident Individual	210	611352
10	Foreign National	1	600
11	NBFCs registered with RBI	4	148710
12	Clearing Member	72	285367
13	IEPF Authority	1	68647
	Total	14971	172151757

(j) Convertible Instruments (Outstanding):

The Company allotted the following Compulsorily Convertible Preference Shares (CCPS) of Rs. 10/- each at a premium of Rs. 52/- per CCPS, each CCPS being convertible (within 18 months from the date of allotment of CCPS) into one equity share of Rs. 10/- each at a premium of Rs. 52/- per equity share, to Williamson Magor & Company

Corporate Governance (Contd.)

Limited, Williamson Financial Services Limited and Babcock Borsig Limited belonging to Promoter & Promoter Group Companies and to certain other investors on a preferential basis: –

Date of Allotment	Category of CCPS holder	No. of CCPS held	As a Percentage of –	
			Total No. of CCPS	Total No. of Equity Shares (assuming full conversion of all convertible instruments)
26.03.2018	Promoter & Promoter Group	1,20,00,000	30.44	5.61
29.03.2018	Public	2,74,19,000	69.56	12.81

The Company also allotted, on preferential basis, the following warrants of Rs. 10/- each at a premium of Rs. 52/- per warrant, to SLC Traders Company Private Limited (belonging to Public category), entitling the holder of each warrant right to apply for and obtain equity share of face value Rs. 10/- each fully paid up against each warrant: –

Date of Allotment	Category of CCPS holder	No. of CCPS held	As a Percentage of –	
			Total No. of CCPS	Total No. of Equity Shares (assuming full conversion of all convertible instruments)
30.03.2017	Promoter & Promoter Group	95,15,151	17.78	4.44
30.03.2017	Public	45,92,000	8.58	2.15

Further, during the year under review, the Company allotted, on preferential basis, the following warrants of Rs. 10/- each at a premium of Rs. 52/- per warrant, to SLC Traders Company Private Limited (belonging to Public category), entitling the holder of each warrant right to apply for and obtain equity share of face value Rs. 10/- each fully paid up against each warrant:–

Date of Allotment	Category of Warrant holder	No. of Warrants held	As a Percentage of –	
			Total No. of Warrants	Total No. of Equity Shares (assuming full conversion of all convertible instruments)
28.03.2018	Public	25,00,000	100.00	1.17

(k) Dematerialization of Shares:

As on March 31, 2019, 88521468 Shares of the Company's total shares representing 51.42% shares were held in dematerialized form and the balance 48.58% representing 83630289 shares were in paper form.

(l) Commodity or Foreign Exchange Risk and Hedging:

During the year, the Company had managed the foreign exchange risk and hedged its exposures against exports and imports as it deemed appropriate. The management monitors the commodities / raw materials whose prices are volatile and suitable steps are taken to minimize the risk.

(m) Total fees paid to the Statutory Auditors of the Company:

M/s. Deloitte Haskins & Sells LLP and M/s. V. Singhi & Associates, acted as Joint Statutory Auditors of the Company for the financial year 2018-19. The details of the fees paid/payable to the Statutory Auditors by the Company for the financial year 2018-19 are detailed in the Standalone Financial Statements of the Company.



M/s. Deloitte Haskins & Sells LLP also acted as the Statutory Auditor of the Company's subsidiary, McNally Sayaji Engineering Limited, for the financial year 2018-19 at a remuneration of INR 42 lakhs and provided Tax Audit services at INR 2 lakhs.

The Company and/or its Subsidiaries have not availed any services from entities in the network firm/network entity of which the Statutory Auditor is a part, if any.

(n) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

(a) Number of complaints filed during the financial year	Nil
(b) Number of complaints disposed of during the financial year	Nil
(c) Number of complaints pending as on end of the financial year	Nil

(p) Certificate of non-disqualification of Directors:

Pursuant to Regulation 34(3) and Schedule V, Para C, Clause 10(i) of SEBI (LODR) Regulations, 2015, a certificate from Practising Company Secretary, Mr. Asit Kumar Labh, in respect of non-disqualification of Directors is annexed to this report.

(p) Address of Correspondence:

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

Shareholders' correspondence should be addressed to:

McNally Bharat Engineering Company Limited

Share Department,
Four Mangoe Lane, Kolkata – 700 001

Compliance Officer:

Mr. Rahul Banerjee, Company Secretary
Telephone No: 66281052
Fax No: 66282277
E-mail: mbecal@mbeccl.co.in

Registrar and Share Transfer Agent:

Maheshwari Datamatics Private Limited
Unit: McNally Bharat Engineering Co. Ltd.
23, R. N. Mukherjee Road, 5th Floor
Kolkata – 700001

Contact person:

Mr. S. Rajagopalan, Vice President
Telephone Nos.: 2243-5029/ 5809
Fax No: 2248-4787
E-mail: mdpldc@yahoo.com

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman

Corporate Governance (Contd.)

CERTIFICATION BY MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER

[Pursuant to Regulation 17(8) read with Regulation 33(2)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Board of Directors
McNally Bharat Engineering Company Limited
Four Mangoe Lane, Kolkata – 700001

We, Srinivash Singh, Managing Director and Manoj Kumar Digga, Chief Financial Officer of McNally Bharat Engineering Company Limited, certify to the Board of Directors that –

- A. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended on March 31, 2019 and that to the best of our knowledge and belief, state that:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended on March 31, 2019 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
- D. We have indicated, to the Auditors and the Audit Committee:
- (1) significant changes, if any, in internal control over financial reporting during the year;
 - (2) significant changes, if any in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - (3) that there have been no instances of significant fraud, of which we have become aware and consequently no involvement therein, of the management or any employee having a significant role in the Company's internal control system over the financial reporting.

Place: Kolkata
Date: May 24, 2019

Srinivash Singh
Managing Director

Manoj Kumar Digga
Chief Financial Officer



Corporate Governance *(Contd.)*

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 sets of Code of Conduct to be followed by the Members of the Board and the Senior Management Personnel of the Company respectively. Both the codes are available on the Company's website.

I, Srinivash Singh, Managing Director of McNally Bharat Engineering Company Limited, pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, declare to the best of my knowledge and belief, that all the Members of the Board and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct of Board Members and Senior Management Personnel for the financial year ended March 31, 2019.

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Srinivash Singh
Managing Director

Certificate of Non-disqualification of Directors

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

To,
The Members of
McNally Bharat Engineering Company Limited
Four Mangoe Lane, Surendra Mohan Ghosh Sarani
7th Floor Kolkata – 700 001, West Bengal

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of McNally Bharat Engineering Company Limited having CIN: L45202WB1961PLC025181 and having registered office at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, 7th Floor, Kolkata – 700001, West Bengal (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Aditya Khaitan	00023788	27.06.2011
2.	Srinivash Singh	00789624	14.12.2016
3.	Asim Kumar Barman	02373956	01.12.2009
4.	Arundhuti Dhar	03197285	23.08.2016
5.	Virendra Kumar Verma	00766426	29.11.1978

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

Place: Kolkata
Dated: 14.08.2019

(Asit Kumar Labh)
Practicing Company Secretary
ACS – 32891 / CP No.- 14664



INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

1. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended on March 31, 2019 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and as amended.

Managements' Responsibilities

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Regulations.

Auditors' Responsibilities

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Review of Historical Financial Information, and Other Assurance and Related Service Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the written representations provided to us by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019.
8. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

(V. K. SINGHI)
Partner

Place: Kolkata
Date: 14th August, 2019

Membership No. 050051
UDIN: 19050051AAAAER6847

Report on Corporate Social Responsibility Activities

Annexure E

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 (CSR) Committee:

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

Mr. Asim Kumar Barman (Chairperson)

Mr. Srinivash Singh

Ms. Arundhati Dhar

3. Average net profit / (loss) of the Company for last three financial years:

(Rs. 31,657.43) Lakh.

4. Prescribed CSR Expenditure (2% of the average net profit above): Nil, 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:

Nil, due to average net loss incurred

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

Nil, due to average net loss incurred

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

Nil, 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

Place: Kolkata
Date: August 14, 2019

Asim Kumar Barman
Chairman, CSR Committee

Aditya Khaitan
Chairman

Remuneration Policy

Annexure F

For the Members of Board, Key Managerial Personnel and Senior Management Personnel

1. Preamble

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

2. Aims & Objectives

- 2.1 The aims and objectives of this remuneration policy may be summarized as follows:
 - 2.1.1 The remuneration policy aims to enable the company to attract, retain and motivate highly qualified members for the Board and other executive level and to ensure their long term sustainability.
 - 2.1.2 The remuneration policy seeks to enable the company to provide a well- balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations.
 - 2.1.3 The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values and long-term interests of the company and will be consistent with the "pay-for-performance" principle.
 - 2.1.4 The remuneration policy will ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3. Principles of remuneration

- 3.1 **Support for Strategic Objectives:** Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Company's vision and strategy.
- 3.2 **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- 3.3 **Internal equity:** The Company shall remunerate the board members, KMP and senior management in terms of their roles within the organisation. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Company.
- 3.4 **External equity:** The Company strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Company will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Company's remuneration practices at that time.
- 3.5 **Flexibility:** Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Company whilst complying with relevant tax and other legislation.
- 3.6 **Performance-Driven Remuneration:** The Company shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.
- 3.7 **Affordability and Sustainability:** The Company shall ensure that remuneration is affordable on a sustainable basis.

4. Nomination and Remuneration Committee

- 4.1 Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.

4.2 The Committee shall be responsible for-

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

4.3 The Committee shall:

- 4.3.1 review the ongoing appropriateness and relevance of the remuneration policy;
- 4.3.2 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
- 4.3.3 obtain reliable, up-to-date information about remuneration in other companies;
- 4.3.4 ensure that no director or executive is involved in any decisions as to their own remuneration.

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

- 4.4.1 operate the Company's share option schemes (if any) or other incentives schemes (if any) as they apply to. It shall recommend to the Board the total aggregate amount of any grants to employees (with the specific grants to individuals to be at the discretion of the Board) and make amendments to the terms of such schemes (subject to the provisions of the schemes relating to amendment);
- 4.4.2 liaise with the trustee / custodian of any employee share scheme which is created by the Company for the benefit of employees or Directors; and
- 4.4.3 review the terms of executive Directors' service contracts from time to time.

5 Procedure for selection and appointment of the Board Members

5.1 Board membership criteria

- 5.1.1 The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in areas that are relevant for the Company's global operations.
- 5.1.2 In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Directors must possess experience at policy-making and operational levels in large organizations with significant international activities that will indicate their ability to make meaningful contributions to the Board's discussion and decision-making in the array of complex issues facing the Company.
- 5.1.3 Director should possess the highest personal and professional ethics, integrity and values. They should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.

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

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

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

5.2.1 One of the roles of the Committee is to periodically identify competency gaps in the Board, evaluate potential candidates as per the criteria laid above, ascertain their availability and make suitable recommendations to the Board. The objective is to ensure that the Company's Board is appropriate at all points of time to be able to take decisions commensurate with the size and scale of operations of the Company. The Committee also identifies suitable candidates in the event of a vacancy being created on the Board on account of retirement, resignation or demise of an existing Board member. Based on the recommendations of the Committee, the Board evaluates the candidate(s) and decides on the selection of the appropriate member.

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

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

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

7. Compensation Structure

7.1. Remuneration to Non-Executive Directors:

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

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

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

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

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

8. Role of Independent Directors

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

9. Approval and publication

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

10. Supplementary provisions

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

11. Amendment

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

12. Effective Date

This Policy is effective from 1st April, 2019.

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman



Form No. MGT 9

Annexure G

Extract of Annual Return as on financial year ended on 31.03.2019

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L45202WB1961PLC025181
2	Registration Date	July 10, 1961
3	Name of the Company	McNally Bharat Engineering Company Limited
4	Category/Sub-category of the Company	Public Limited Company
		Private Sector
5	Address of the Registered office & contact details	4 Mangoe Lane, Kolkata - 700001 Phone: 033 - 22138905 Website: www.mcnallybharat.com Email: mbecl@mbecol.co.in
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 23, R. N. Mukherjee Road, 5th Floor, Kolkata - 700001 Ph: 033 - 22435029, E-mail : mdpldc@yahoo.com

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	67.75	2(87)
2	MBE Mineral Technologies Pte Limited	Foreign Company	Subsidiary	100.00	2(87)
3	McNally Bharat Equipments Limited	U27106WB2008PLC123789	Subsidiary	99.40	2(87)
4	MBE Minerals Zambia Limited	Foreign Company	Subsidiary	99.99	2(87)
5	Vedica Sanjeevani Projects Private Limited*	Foreign Company	Subsidiary	99.99	2(87)

* Ceased to be subsidiary w.e.f. August 29, 2018.

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 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	32,021	-	32,021	0.02%	32,021	-	32,021	0.02%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	3,86,13,121	3,21,51,515	7,07,64,636	44.78%	2,94,63,121	4,16,66,666	7,11,29,787	41.32%	0.52%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	3,86,45,142	3,21,51,515	7,07,96,657	44.80%	2,94,95,142	4,16,66,666	7,11,61,808	41.34%	0.52%
(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)	3,86,45,142	3,21,51,515	7,07,96,657	44.80%	2,94,95,142	4,16,66,666	7,11,61,808	41.34%	0.52%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	6,976	6,976	0.00%	-	-	-	0.00%	-100.00%
b) Banks / FI	2,500	24,00,000	24,02,500	1.52%	95,219	6,976	1,02,195	0.00%	-95.75%
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	92,719	600	93,319	0.06%	-	600	600	0.00%	-99.36%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Portfolio Investors	42,487	-	42,487	0.03%	42,236	-	42,236	0.02%	-0.59%
Sub-total (B)(1):-	1,37,706	24,07,576	25,45,282	1.61%	1,37,455	7,576	1,45,031	0.08%	-94.30%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	75,54,591	6,63,39,213	7,38,93,804	46.76%	4,28,75,087	4,18,61,213	8,47,36,300	49.22%	14.67%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals				0.00%				0.00%	0.00%

Remuneration Policy (Contd.)

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	60,98,108	1,08,918	62,07,026	3.93%	82,13,347	94,644	83,07,991	4.83%	33.85%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	38,27,438	-	38,27,438	2.42%	66,85,951	-	66,85,951	3.88%	74.68%
c) Others (specify)									
Non Resident Indians	5,67,577	190	5,67,767	0.36%	6,11,162	190	6,11,352	0.36%	7.68%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	600	-	600	0.00%	600	-	600	0.00%	0.00%
Clearing Members	1,41,412	-	1,41,412	0.09%	2,85,367	-	2,85,367	0.17%	101.80%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
NBFCs registered with RBI	11,155	-	11,155	0.01%	1,48,710	-	1,48,710	0.09%	1233.12%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Employee Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Domestic Corporate Unclaimed Shares Account	-	-	-	0.00%	-	-	-	0.00%	0.00%
Investor Education and Protection Fund Authority	53,465	-	53,465	0.03%	68,647	-	68,647	0.04%	28.40%
Sub-total (B)(2):-	1,82,54,346	6,64,48,321	8,47,02,667	53.59%	5,88,88,871	4,19,56,047	10,08,44,918	58.58%	19.06%
Total Public (B)	1,83,92,052	6,88,55,897	8,72,47,949	55.20%	5,90,26,326	4,19,63,623	10,09,89,949	58.66%	15.75%
C. Shares held by Cus-to-dian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	5,70,37,194	10,10,07,412	15,80,44,606	100.00%	8,85,21,468	8,36,30,289	17,21,51,757	100.00%	8.93%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2018]			Shareholding at the end of the year [As on 31-March-2019]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	B M Khaitan	21	0.00%	-	21	0.00%	-	0.00%
2	Amritanshu Khaitan	8,000	0.01%	-	8,000	0.00%	-	0.00%
3	Isha Khaitan	24,000	0.02%	-	24,000	0.01%	-	0.00%
4	EMC Limited	1,42,87,689	9.04%	29.99%	1,01,37,689	5.89%	64.48%	-29.05%
5	McLeod Russel India Limited	30,52,295	1.93%	-	30,52,295	1.77%	-	0.00%
6	Williamson Magor & Co Limited	2,76,18,952	17.48%	-	2,76,18,952	16.04%	15.57%	0.00%
7	Babcock Borsig Limited	98,01,000	6.20%	-	1,26,64,636	7.36%	-	29.22%
8	Williamson Financial Services Limited	1,00,51,000	6.36%	-	1,67,02,515	9.70%	2.99%	66.18%
9	Kilburn Engineering Limited	8,54,300	0.54%	-	8,54,300	0.50%	-	0.00%
10	Bishnauth Investments Limited	99,400	0.06%	-	99,400	0.06%	-	0.00%
11	MKN Investment Private Limited	50,00,000	3.16%	100.00%	-	0.00%	-	-100.00%

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2018]		Cumulative Shareholding during the year [April 01, 2018 to March 31, 2019]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	B M Khaitan						
	At the beginning of the year	01-Apr-18		21	0.00%		0.00%
	Changes during the year			-	0.00%	-	0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			21	0.00%
2	Amritanshu Khaitan						
	At the beginning of the year	01-Apr-18		8,000	0.01%		0.00%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			8,000	0.00%
3	Isha Khaitan						
	At the beginning of the year	01-Apr-18		24,000	0.02%		0.00%
	Changes during the year				0.00%		0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			24,000	0.01%
4	McLeod Russel India Limited						
	At the beginning of the year	01-Apr-18		30,52,295	1.93%		0.00%
	Changes during the year			-	0.00%	-	0.00%
					0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			30,52,295	1.77%

Form No. MGT 9
Extract of Annual Return as on financial year ended on 31.03.2019 (Contd.)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2018]		Cumulative Shareholding during the year [April 01, 2018 to March 31, 2019]	
				No. of shares	% of total shares	No. of shares	% of total shares
5	EMC Limited						
	At the beginning of the year	01-Apr-18		1,42,87,689	9.04%		0.00%
	Changes during the year	05-Oct-18	Transfer	(25,85,000)	-1.64%	1,17,02,689	6.80%
		01-Mar-19	Transfer	(15,65,000)	-0.99%	1,01,37,689	5.89%
	At the end of the year	31-Mar-19				1,01,37,689	5.89%
6	MKN Investment Private Limited						
	At the beginning of the year	01-Apr-18		50,00,000	3.16%		0.00%
	Changes during the year	28-Sep-18	Transfer	(43,986)	-0.03%	49,56,014	2.88%
		05-Oct-18	Transfer	(1,85,735)	-0.12%	47,70,279	2.77%
		19-Oct-18	Transfer	(34,165)	-0.02%	47,36,114	2.75%
		26-Oct-18	Transfer	(1,20,114)	-0.08%	46,16,000	2.68%
		02-Nov-18	Transfer	(1,76,000)	-0.11%	44,40,000	2.58%
		09-Nov-18	Transfer	(1,05,000)	-0.07%	43,35,000	2.52%
		16-Nov-18	Transfer	(1,75,000)	-0.11%	41,60,000	2.42%
		23-Nov-18	Transfer	(3,02,228)	-0.19%	38,57,772	2.24%
		30-Nov-18	Transfer	(5,50,000)	-0.35%	33,07,772	1.92%
		07-Dec-18	Transfer	(4,00,000)	-0.25%	29,07,772	1.69%
		14-Dec-18	Transfer	(4,42,438)	-0.28%	24,65,334	1.43%
		21-Dec-18	Transfer	(6,00,000)	-0.38%	18,65,334	1.08%
		28-Dec-18	Transfer	(3,94,875)	-0.25%	14,70,459	0.85%
		31-Dec-18	Transfer	(1,00,000)	-0.06%	13,70,459	0.80%
		04-Jan-19	Transfer	(3,68,097)	-0.23%	10,02,362	0.58%
		11-Jan-19	Transfer	(3,61,271)	-0.23%	6,41,091	0.37%
		18-Jan-19	Transfer	(6,41,091)	-0.41%	-	0.00%
	At the end of the year	31-Mar-19				-	0.00%
7	Williamson Magor & Co Limited						
	At the beginning of the year	01-Apr-18		2,76,18,952	17.48%		0.00%
	Changes during the year			-	0.00%		0.00%
				-	0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			2,76,18,952	16.04%
8	Babcock Borsig Limited						
	At the beginning of the year	01-Apr-18		98,01,000	6.20%		0.00%
	Changes during the year	29-Sep-18	Transfer	15,62,636	0.99%	1,13,63,636	6.60%
		05-Oct-18	Transfer	13,01,000	0.82%	1,26,64,636	7.36%
	At the end of the year	31-Mar-19				1,26,64,636	7.36%
9	Williamson Financial Services Ltd.						
	At the beginning of the year	01-Apr-18		1,00,51,000	6.36%		0.00%
	Changes during the year	29-Sep-18	Transfer	51,00,515	3.23%	1,51,51,515	8.80%
		05-Oct-18	Transfer	15,51,000	0.98%	1,67,02,515	9.70%
	At the end of the year	31-Mar-19				1,67,02,515	9.70%
10	Kilburn Engineering Limited						
	At the beginning of the year	01-Apr-18		8,54,300	0.54%		0.00%
	Changes during the year			-	0.00%		0.00%
				-	0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			8,54,300	0.50%

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2019 (Contd.)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year [As on 01-April-2018]		Cumulative Shareholding during the year [April 01, 2018 to March 31, 2019]	
				No. of shares	% of total shares	No. of shares	% of total shares
11	Bishnauth Investments Limited						
	At the beginning of the year	01-Apr-18		99,400	0.06%		0.00%
	Changes during the year			-	0.00%		0.00%
				-	0.00%		0.00%
	At the end of the year	31-Mar-19	No Change			99,400	0.06%

iv) Shareholding Pattern of top ten Shareholders

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

Sl No	Name of the Shareholder	Shareholding at the beginning of the year [As on 01.04.2018]		Datewise increase / decrease in Shareholding during the year			Cumulative Shareholding during the year [01.04.2018 to 31.03.2019]	
		No. of Shares	% of total shares of the company	Date	Reason	No. of Shares	No. of shares	% of total shares of the company
1	Sahal Business Pvt. Ltd.	1,74,47,637	11.04%	No change during the year			1,74,47,637	10.14%
2	Merlin Securities Pvt Ltd	88,00,000	5.57%	No change during the year			88,00,000	5.11%
3	Atash Suppliers Private Limited	70,85,818	4.48%	No change during the year			70,85,818	4.12%
4	Alosha Marketing Private Limited	67,43,818	4.27%	No change during the year			67,43,818	3.92%
5	Index Sales Private Limited	59,08,000	3.74%	No change during the year			59,08,000	3.43%
6	Sunny Rock Estates And Developers Private Limited	56,50,000	3.57%	No change during the year			56,50,000	3.28%
7	Gunkali Commodities Private Limited	48,00,000	3.04%	No change during the year			48,00,000	2.79%
8	Mortal Vinimay Pvt Ltd *	-	0.00%	29-Sep-18	Buy	42,68,000	42,68,000	2.48%
9	Premier Capital & Securities (P) Ltd	42,00,000	2.66%	No change during the year			42,00,000	2.44%
10	DMI Finance Private Limited	32,00,000	2.02%	No change during the year			32,00,000	1.86%
11	Techpro Ventures LLP #	24,20,000	1.53%	No change during the year			24,20,000	1.41%

* Not in the list of Top 10 shareholders as on 01/04/2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2019.

Ceased to be in the list of Top 10 shareholders as on 31/03/2019. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2018.

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year [April 01, 2018]		Cumulative Shareholding during the year [April 01, 2018 to March 31, 2019]	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Aditya Khaitan						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%
2	Srinivash Singh						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%



Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2019 (Contd.)

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year [April 01, 2018]		Cumulative Shareholding during the year [April 01, 2018 to March 31, 2019]	
				No. of shares	% of total shares	No. of shares	% of total shares
3	Asim Kumar Barman						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%
4	Arundhuti Dhar						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%
5	Amritanshu Khaitan ^A						
	At the beginning of the year	01-Apr-18		8,000	0.0051%	-	0.0000%
	Changes during the year			-	0.0000%	8,000	0.0046%
	At the end of the year	31-Mar-19		8,000	0.0051%	8,000	0.0046%
6	Partha Sarathi Bhattacharyya ^B						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%
7	Virendra Kumar Verma ^C						
	At the beginning of the year	01-Apr-18		600	0.0004%	-	0.0000%
	Changes during the year			-	0.0000%	600	0.0003%
	At the end of the year	31-Mar-19		600	0.0004%	600	0.0003%
8	Manoj Kumar Digga						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%
9	Indranil Mitra ^D						
	At the beginning of the year	01-Apr-18		-	0.0000%	-	0.0000%
	Changes during the year			-	0.0000%	-	0.0000%
	At the end of the year	31-Mar-19		-	0.0000%	-	0.0000%

- A. Mr. Amritanshu Khaitan (DIN - 00213413) who was a Non-executive Promoter Director, resigned from the Board of Directors w.e.f. December 17, 2018.
- B. Mr. P. S. Bhattacharya (DIN - 00329479) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. February 20, 2019.
- C. Mr. Virendra Kumar Verma (DIN - 00766426) who was a Non-executive Independent Director, resigned from the Board of Directors w.e.f. April 01, 2019.
- D. Mr. Indranil Mitra, Company Secretary and Compliance Officer of the company resigned from the Company w.e.f. July 10, 2019.

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2019 (Contd.)**V. INDEBTEDNESS**

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,91,609.49	65,126.75	68,151.53	3,24,887.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	910.60	-	-	910.60
Total (i+ii+iii)	1,92,520.09	65,126.75	68,151.53	3,25,798.37
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	(9,151.41)	(54,015.79)	(65,447.46)	(1,28,614.66)
Net Change	(9,151.41)	(54,015.79)	(65,447.46)	1,28,614.66
Indebtedness at the end of the financial year				
i) Principal Amount	1,81,964.30	11,110.96	2,704.07	1,95,779.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1404.38	-	-	1,404.38
Total (i+ii+iii)	1,83,368.68	11,110.96	2,704.07	1,97,183.71

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration		Total Amount
	Name	Srinivash Singh	
	Designation	Managing Director	
1	Gross salary	(Rs.)	(Rs.)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,19,96,000.00	2,19,96,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13,200.00	13,200.00
	(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	2,36,375.00	4,72,750.00
	Total (A)	2,20,09,200.00	2,20,09,200.00
	Ceiling as per the Act*	Already placed for Shareholders' approval by special resolution vide Postal Ballot	



Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2019 (Contd.)

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Virendra Kumar Verma	Partha Sarathi Bhattacharya	
	Fee for attending board committee meetings	1,60,000.00	1,00,000.00	
	Commission	-	-	
	Others, please specify	-	-	
	Total (1)	1,60,000.00	1,00,000.00	
	Independent Directors	Asim Kumar Barman	Arundhuti Dhar	
	Fee for attending board committee meetings	3,00,000.00	3,60,000.00	
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	3,00,000.00	3,60,000.00	9,20,000.00
2	Other Non-Executive Directors	Aditya Khaitan	Amritanshu Khaitan	-
	Fee for attending board committee meetings	1,20,000.00	40,000.00	
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	1,20,000.00	40,000.00	1,60,000.00
	Total (B)=(1+2)			10,80,000.00
	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 Directors		Total Amount
	Name	Manoj Kumar Digga*	Indranil Mitra**	(Rs.)
	Designation	Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,04,61,384.63	26,78,580.00	1,31,39,964.63
	(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 (Contribution to P.F.)	4,86,795.14	1,21,644.00	6,08,439.14
	Total	1,09,48,179.77	28,00,224.00	1,37,48,403.77

* Mr. Manoj Kumar Digga was appointed as the Chief Financial Officer of the Company w.e.f. July 14, 2018.

**Mr. Indranil Mitra resigned from the position of Company Secretary and Compliance Officer of the Company w.e.f. July 10, 2019

Form No. MGT 9

Extract of Annual Return as on financial year ended on 31.03.2019 (*Contd.*)**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman



Secretarial Audit Report

for the financial year ended 31.03.2019

Annexure H
(Part - A)

*[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
4, Mangoe Lane,
Surendra Mohan Ghosh Sarani, 7th Floor
Kolkata – 700 001
West Bengal

I 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 – 700001, West Bengal (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

Auditors' Responsibility

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

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

I have not verified the correctness, appropriateness and bases of financial records, books of accounts and decisions taken by the Board and by various committees of the Company during the period under scrutiny. I have checked the Board process and compliance management system to understand and to form an opinion as to whether there is an adequate system of seeking approval of 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 I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events, etc.

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

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

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

Secretarial Audit Report for the financial year ended 31.03.2019 (Contd.)

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards as issued by The Institute of Company Secretaries of India;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (a) The Securities and Exchange Board of India (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.
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;

Matter of Emphasis:

1. ***The Company had applied to the Central Government for approval of payment of excess remuneration for Rs. 220.03 lakhs to the Managing Director of the Company during the financial year ended 31.03.2018. However, as per the MCA Notification dated 12th September, 2018, the application stands abated and as informed by the management, the Company has proposed the same to the shareholders for their approval through Postal Ballot.***
2. ***The Board has decided to recover the excess remuneration paid / payable to Mr. Prabir Ghosh, erstwhile Whole-time Director of the Company for the Financial Year 2017-18 for Rs. 40.82 lakhs superseding its earlier decision and approval of shareholders for waiver.***
3. ***There are certain forms which have been filed belatedly with the Registrar of Companies (ROC). Furthermore, there are certain Forms which are yet to be filed with ROC.***
4. ***The Company does not have its entire Promoters' Shareholding in dematerialized form as stipulated under Regulation 31(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.***
5. ***The Company is not regular in depositing the dues towards Employee State Insurance, Cess and Value Added Tax with the prescribed authorities and was also unable to discharge its obligations for repayment of loans and settlement of other financial and non-financial liabilities including statutory liabilities.***
6. ***The Company is in process of implementation of various provisions of Secretarial Standards.***
7. ***The Company is yet to register under Trade Receivables Electronic Discounting System (TReDS) platform as per MSME Notification dated 02.11.2018.***
8. ***An arbitration matter has been filed before the International Court of Arbitration of the International Chamber of Commerce against the Company by EIG (Mauritius) Limited during the year and the matter is sub-judice.***

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

Further, to the best of my 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, competition law, environments laws, etc.

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



Secretarial Audit Report for the financial year ended 31.03.2019 (Contd.)

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, 2018;
- (ii) The Securities and Exchange Board of India (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.

I further report that:

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

I further report that:

- (a) The Company has altered its Articles of Association (AOA) in view of the calling off of the proposed merger with EMC Limited and for altering the regulations of the AOA that are not in conformity with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- (b) The Company at its meeting held on 29.09.2018 has allotted Equity Shares on conversion of Compulsorily Convertible Preference Shares ("CCPS") which was allotted on 30.03.2017.
- (c) The Board, in the process of deleveraging the Company, has disposed off the Company's holdings in Vedica Sanjeevani Projects Pvt. Ltd. (VSPPL), a subsidiary company, and thereby VSPPL ceased to be a subsidiary of the Company w.e.f. August 209, 2018.
- (d) EMC Limited and MKN Investment Private Limited had requested the Company to reclassify them from 'Promoter & Promoter Group' Category to 'Public' Category and thus to remove their names from promoter group of the Company pursuant to the provisions of the Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (e) The Company had approved the Financial Results for the Quarter ended 31st December, 2018 on 18.02.2019 and submitted the results on the same day, resulting in a delay of 4 days as per Regulation 33(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company had paid the necessary fines as imposed by the Stock Exchanges in this regard.
- (f) Pursuant to the allotment of shares by the Company, there was a gap of more than 20 days in approaching to the Stock Exchanges for listing of shares pursuant to Regulation 108(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Company had paid the necessary fines as imposed by the Stock Exchanges in this regard.

Sd/-

(Asit Kumar Labh)

Place: Kolkata

Dated: 14.08.2019

Practicing Company Secretary
ACS – 32891 / C.P. No. - 14664

Management's Reply to Matter of Emphasis in Secretarial Auditor's Report

Annexure H
(Part - B)

Most of the points raised by the Secretarial Auditor in his Audit Report as matter of emphasis are self-explanatory and hence the same calls for no further explanation of the Board of Directors. However, the points which call for further explanation are given below with an explanation of the Board of Directors on the same:

Reply to Matter of Emphasis	
Sl. No.	Management's Reply
1.	Self-explanatory.
2.	Self-explanatory.
3.	Necessary actions are being taken to file the pending e-forms with MCA21 system.
4.	Listing application for allotment of equity shares, allotted to promoters upon conversion of CCPS, is pending approval of Stock Exchanges. Hence, the dematerialisation relating to the same is also pending.
5.	The Company is going through a difficult financial situation. With the support of the promoters, the Board of Directors of the Company are devising necessary action plan to revive the economic health of the Company. The delay in payment of statutory dues are not intentional, rather it is the result of tight economic situation of the Company.
6.	Self-explanatory.
7.	Necessary steps are being taken to register the Company under Trade Receivables Electronic Discounting System (TReDS) platform.
8.	Self-explanatory.

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman

Particulars of Employees and Remuneration

Annexure I

(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:

Executive Directors

Name of Directors	Remuneration (Rs)	Ratio to the median remuneration
Mr. Srinivash Singh – Managing Director	220.09 Lakh	53.94:1

Non-Executive Directors

Name of Directors	Sitting fees paid during the year (in Rs)	Ratio to the median remuneration
Mr. Aditya Khaitan	1,20,000	0.29:1
Mr. Asim Kumar Barman	3,00,000	0.74:1
Ms. Arundhuti Dhar	3,60,000	0.88:1
Mr. Amritanshu Khaitan ^A	40,000	0.10:1
Mr. P. S. Bhattacharya ^B	1,00,000	0.25:1
Mr. Virendra Kumar Verma ^C	1,60,000	0.39:1

- (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:

Name	Designation	Percentage Change
Mr. Aditya Khaitan	Chairman – Non-Executive Director	Nil
Mr. Srinivash Singh	Managing Director	Nil
Mr. Asim Kumar Barman	Independent Director	Nil
Ms. Arundhuti Dhar	Independent Director	Nil
Mr. Amritanshu Khaitan ^A	Non-Executive Director	Nil
Mr. P. S. Bhattacharya ^B	Independent Director	Nil
Mr. Virendra Kumar Verma ^C	Independent Director	Nil

A. Resigned from the Board of Directors w.e.f. December 17, 2018.

B. Resigned from the Board of Directors w.e.f. February 20, 2019.

C. Resigned from the Board of Directors w.e.f. April 01, 2019.

- (iii) The percentage increase in the median remuneration of employees in the financial year 2018-19: 7.24%
- (iv) The number of permanent employees on the rolls of company: 769
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars of Employees and Remuneration *(Contd.)*

Average percentile increases already made in the salaries of employees in the last financial year (barring KMPs, including CFO & CS) = There has been an increase of 5% in the salaries of employees during the financial year ended March 31, 2019.

Percentile increase in the managerial remuneration in the last financial year (including CFO and CS) = There has been no increase in the managerial remuneration during the financial year ended March 31, 2019 except that of CS @ 5%.

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

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

For and on behalf of the Board of Directors

Place: Kolkata
Date: August 14, 2019

Aditya Khaitan
Chairman

Particulars of Employees and Remuneration (Contd.)

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

(I) Statement showing names of top ten employees in terms of remuneration drawn:

Sl. No.	Name	Designation	Remuneration Received (Rs. in Lakh)	Nature of Employment	Qualification	Total Experience (in year)	DoJ	Age (year)	Last Employment held	% of Equity Shares held in the Company	Whether Relative of any Director Manager
1	Mr. Srinivash Singh	Managing Director	220.09	Permanent	Cost Accountant, CS, LLB	54	23-Dec-16	73	Furnace Fabrica (India) Ltd.	-	No
2	Mr. Manoj Kumar Digga	Chief Financial Officer	109.48	Permanent	CA, CS & CMA	26.30	14-Jul-18	49	Visa Steel Ltd.	-	No
3	Mr. Shyamal Kumar Das	President	73.58	Contractual	B.E. Mechanical	39.00	03-Apr-17	61	Furnace Fabrica (India) Ltd.	-	No
4	Mr. Bhanu Pratap Srivastava	President	72.60	Permanent	B. Sc. (Engg)	36.03	03-Apr-17	58	Furnace Fabrica (India) Ltd.	-	No
5	Mr. Asis Kumar Bhattacharjee	President	71.71	Contractual	B.E. - Electrical	41.03	03-Apr-17	62	Furnace Fabrica (India) Ltd.	-	No
6	Tinanjian Mitra	Associate Vice President	47.19	Permanent	Diploma Engg-Mechanical	35.03	22-Feb-13	55	Larsen & Toubro Ltd.	-	No
7	Mr. Arindam Sarkar	President	46.12	Contractual	B.E. - Civil	44.04	03-Apr-17	65	Furnace Fabrica (India) Ltd.	-	No
8	Mr. Dipankar Sarkar	President	44.71	Contractual	M.E-Project Engineering	34.03	25-Aug-00	62	DC Industrial Plant Services Pvt. Ltd.	-	No
9	Mr. Arup Kanti Nandi	President	40.37	Contractual	B. Sc. (Engg)	38.30	24-Sep-87	63	Nirlon Synthetic Fibres & Chemicals Ltd.	-	No
10	Mr. Syamal Kumar Sarbadhikary	Senior General Manager	40.32	Permanent	B. E - Electrical	35.00	02-Feb-06	59	DC Industrial Plant Services Pvt. Ltd.	-	No

(II) Statement showing names of employees who are in receipt of remuneration Rs. 1.02 Crore or more, if employed throughout the year or Rs. 8.5 Lakh or more per month, if employed for part of the financial year:

1.	Mr. Srinivash Singh	Managing Director	220.09	Permanent	Cost Accountant, CS, LLB	54	23-Dec-16	73	Furnace Fabrica (India) Ltd.	-	No
2	Mr. Manoj Kumar Digga	Chief Financial Officer	109.48	Permanent	CA, CS & CMA	26.30	14-Jul-18	49	Visa Steel Ltd.	-	No

(III) There had been no employee in the Company who, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with this spouse and dependent children, not less than two percent of the equity shares of the company.

For and on behalf of the Board of Directors

Place : Kolkata
Date : August 14, 2019

Aditya Khaitan
Chairman

Independent Auditors' Report

Adverse Opinion

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, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the aforesaid Standalone Financial Statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Adverse Opinion

(a) The Company has recognised deferred tax assets amounting to Rs. 51,706.60 Lakhs as at 31st March, 2019. Considering the material uncertainty related to going concern that exists in the Company, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. Consequently, deferred tax assets is overstated and losses for the year is understated by Rs. 51,706.60 Lakhs and accumulated deficit is understated by Rs. 51,706.60 Lakhs.

(b) We draw attention to note no 41 to the standalone financial statements which relates to the recognition of Fair Value Gain amounting to Rs 87,482.00 Lakhs in Other Equity on deferment of payment of amounts received from certain Companies on conversion of those amounts into interest free long term loans. We are unable to obtain sufficient and appropriate audit evidence to substantiate the contractual validity of the transaction and the accounting treatment in the Standalone Financial Statements.

Further interest expense during the year on the aforementioned amounts up to the date of conversion aggregating to Rs 9,216.88 Lakhs has not been recognised in the Statement of Profit and Loss.

(c) Trade receivables and other financial assets includes certain old balances related to completed projects amounting to Rs. 8,785.37 Lakhs which are outstanding for more than two years and are unconfirmed and claims recoverable [representing bank guarantees invoked by customers] amounting to Rs. 14,461.21 Lakhs resulting from alleged performance default events and hence doubtful of recovery. We are unable to comment upon the recoverability of these balances.

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

Material Uncertainty related to Going Concern

We draw attention to note 40 to the Standalone Financial Statements, the Company has incurred net loss of Rs. 46,599.85 Lakhs during the year ended 31st March, 2019, and current liabilities exceed current assets by Rs. 11,544.96 Lakhs as on March 31, 2019. During the year ended March 31, 2019, the Company was unable to discharge its obligations for repayment of loans and settlement of other financial and non-financial liabilities including statutory liabilities. The Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty which cast a significant doubt on the Company's



Independent Auditors' Report (Contd.)

ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Company to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal, which is not wholly within the control of the Company.

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

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	<p>Estimated Cost to complete the Project: (Refer note 1(d) to the standalone financial statements)</p> <p>The Company recognises revenue under percentage of completion method as specified under Indian Accounting Standard (IND AS)-115 –Revenue from contract with customers.</p> <p>Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and condition related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the independent chartered engineer certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis. 5. Evaluated the competencies, capabilities and objectivity of the independent chartered engineers.

Independent Auditors' Report (Contd.)

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
2	<p>Impairment of Investment in Subsidiaries: (Refer note 5 to the standalone financial statements)</p> <p>Investment in Subsidiaries are measured at cost net of impairment provision, if any, as per the requirements of Ind AS 36 Impairment of Assets.</p> <p>Impairment indicators were noted in one of the Subsidiary Companies resulted in an assessment of impairment of the Investments in the Subsidiary being required.</p> <p>This area was considered to be of Key Audit Matter for the following reasons:</p> <ul style="list-style-type: none"> • The magnitude of the balance of the Investments in its subsidiary with a carrying value of Rs 17,923.73 Lakhs ; and • The carrying value is supported by future forecasted operating cash flows of the subsidiary, which are judgmental in nature and are dependent on number of factors, including volume and margin expectations. 	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding management review type controls on assessment of impairment of Investments in subsidiaries. 2. Send specific instruction to the Component Auditor of the Subsidiary and relied on their response to verify the appropriateness of the Cash flow projection of the Subsidiary including key assumptions considered as part of the impairment assessment.
3	<p>Provisions and Contingent Liabilities (Refer note 1(t) to the standalone financial statements)</p> <p>The Company is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the financial statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Company's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of Board and sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Company considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our Auditors' Report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report.

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



Independent Auditors' Report *(Contd.)*

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

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

Independent Auditors' Report *(Contd.)*

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) except for the possible effects of the matters described in the Basis for Adverse Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - d) considering the significance of the matters discussed in the Basis for Adverse Opinion section above, in our opinion the aforesaid Standalone Financial Statements do not comply with the Ind AS specified under Section 133 of the Act.
 - e) the matter(s) described in the Basis for Adverse Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) on the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) the adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above.



Independent Auditors' Report (Contd.)

- h) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses adverse opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein
- i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in excess of the limits laid down under Section 197 of the Act.

We draw attention to the Note 31(a) to the Standalone Financial Statements regarding waiver of recovery of excess managerial remuneration amounting to Rs. 220.09 Lakhs (Rs. 220.03 Lakhs for the year ended March 31, 2018) paid/payable to the Managing Director for which the Company is in the process of obtaining approval from the banks to whom default in repayment of dues was made and from the shareholders of the Company in terms of Section 197(17) of the Act. Pending approval from the banks and from the shareholders of the Company, we are unable to comment on the consequential effects of the matter on this Standalone Financial Statements.

This matter was also qualified by us in the report for the financial year ended March 31, 2018.

- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. except for the possible effect of the matters discussed in the Basis for Adverse Opinion section above, the Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements (Refer Note-29 to the Standalone Financial Statements) ;
 - ii. the Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018

A. Bhattacharya
Partner
Membership Number: 054110

Place: Kolkata
Date: May 30, 2019

For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration Number:
311017E

V. K. Singhi
Partner
Membership Number: 050051

Annexure "A" to the Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of



Annexure "A" to the Independent Auditors' Report *(Contd.)*

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

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at March 31, 2019, with respect to the Company not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the carrying amount of deferred tax, Impairment of trade receivable and other financial assets, recognition of gain on fair valuation of financial liabilities and payment of excess managerial remuneration for which the Company is in the process of obtaining approval from the banks and shareholders.

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

Adverse Opinion

In our opinion and, to the best of our information and according to the explanations given to us, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2019, based on the criteria for internal control 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the said Standalone Financial Statements of the Company and we have issued an adverse opinion on the Standalone Financial Statements of the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018

A. Bhattacharya
Partner
Membership Number: 054110

Place: Kolkata
Date: May 30, 2019

For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration Number:
311017E

V. K. Singhi
Partner
Membership Number: 050051

Annexure "B" to the Independent Auditors' Report

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

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

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of physical verification of Fixed Assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not own any immovable property as disclosed in Note 3 on Property, Plant & Equipment to the Standalone Financial Statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to information and explanation given to us, the Company has granted unsecured loans to one body corporate, covered in the register maintained under Section 189 of the Act:
 - (a) In respect of the aforesaid loan, the terms and conditions under which such loan granted is not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid loan, no schedules of repayment of principal have 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 loan, in absence of schedules of repayment, we are unable to comment on the overdue ageing of the repayments.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified. Therefore, the provisions of Clause 3(v) of the said Order are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the same as maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether the same are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The dues of Employees' State Insurance, Income Tax and Good and Services Tax have not been regularly deposited during the year with the appropriate authorities. The Company has generally been regular in depositing other undisputed statutory dues, including Provident Fund and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were arrears in undisputed amounts payable in respect of Income Tax as at March 31, 2019 for a period of more than six months from the date the same became payable are as follow:

Annexure "B" to the Independent Auditors' Report (Contd.)

Name of Statute	Nature of Dues	Amount (₹ in lacs)	Period to which the amount Relates	Due Date	Date of subsequent Payment
Income Tax Act, 1961	TDS U/s 194A	7.15	November, 2017	07-Dec-17	Not Paid
		13.59	December, 2017	07-Jan-18	
		6.61	January, 2018	07-Feb-18	
		14.30	February, 2018	07-Mar-18	
		69.04	March, 2018	07-Apr-18	
	TDS U/s 194J	7.50	December, 2017	07-Jan-18	
		25.00	March, 2018	07-Apr-18	

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

Statute	Forum where dispute is pending	Period to which the amount relates to	Amount involved (Rs. in lacs)
Sales Tax/Value Added Tax Acts	Assistant Commissioner/ Additional Commissioner/ Deputy Commissioner/ Commissioner/ Joint Commissioner (Appeal)	2003-04 to 2017-18	7,258.94
	Appellate and Revisional Board	2005-06 to 2014-15	5,124.19
	Sales Tax Appellate Tribunal	1994-95 to 2013-14	1,061.17
	Supreme court/ High Court	2005-08 to 2015-16	6,346.98
The Central Excise Act, 1944	Commissioner of Central Excise	1989-1993	129.51
	Custom Excise and Service Tax Appellate Tribunal	2016-2017	245.82
	Supreme court/ High Court	2016-2017	24.41
The Finance Act, 1994	Assistant Commissioner/ Additional Commissioner of Service Tax	2003-04 to	2,786.98
		2005-06	
Customs Act, 1962	Assistant Commissioner/ Additional Commissioner	2017-18	2,174.57

(viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of loans or borrowings to banks. The Company has no persisting default in repayment of loans or borrowings to financial institutions as at March 31, 2019. The Company has not taken any loan from the Government and not issued any debentures during the year.

Details of default in repayment of loans or borrowings as on March 31, 2019 are given below:

Particulars	Amount of default in repayment (Rs. in lacs)	Period of default (Days)
Dues to Banks:		
ICICI Bank (External Commercial Borrowing)	649.26	99
Axis Bank Limited	12,653.00	7
Allahabad Bank	5,595.02	79
Axis Bank Limited	18,598.20	93
Bank of Baroda	1,231.07	91
Bank of India	11,593.48	69
Canara Bank	1,054.46	59
ICICI Bank	5,773.25	152
IDBI Bank	6,078.41	31
Karur Vysya Bank	5,679.22	156
Lakshmi Vilas Bank	1.41	1
Oriental Bank of Commerce Bank	948.31	71
Punjab National Bank	13,299.06	66
State Bank Of India	2,490.42	31
UCO Bank	5.50	1
Union Bank	8,509.43	59
United Bank of India	1.86	31

Annexure "B" to the Independent Auditors' Report (Contd.)

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further, the Company has not taken any term loan from banks and Financial Institutions during the year. Therefore, the provisions of Clause 3(ix) of the said Order are not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration during the year in excess of the limits and approvals prescribed under Section 197 read with Schedule V to the Act to the following managerial personnel:

Managerial Position	Excess amount of remuneration paid/provided (₹ in lacs)	Financial year ending	Treatment of the excess remuneration in the respective year financial statements	Steps taken by the Company for securing refund
Managing Director	220.09	2018-19	Recognised as expense in the Statement of Profit and Loss.	The Company is in the process of obtaining approvals from the banks to whom default in repayment of dues was made and from the shareholders of the Company in terms of Section 197(17) of the Act.
Whole Time Director	40.82	2017-18	Accounted as expense in the Statement of Profit & Loss.	Board has decided to recover the excess remuneration paid/ payable to Rs. 40.82 lacs to erstwhile one whole time director for the financial year ended 31 March, 2018, superseding its earlier decision and approval of Shareholders of the Company for wavier.

- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the said Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and therefore provisions of clause 3(xiv) of the said Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him, during the year and therefore, provisions of clause 3(xv) of the said 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, clause 3(xvi) of the Order is not applicable to the Company.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018

A. Bhattacharya
Partner
Membership Number: 054110

Place: Kolkata
Date: May 30, 2019

For **V. SINGHI & ASSOCIATES**
Chartered Accountants
Firm Registration Number:
311017E

V. K. Singhi
Partner
Membership Number: 050051



Standalone Balance Sheet

as at 31st March, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3	4,106.82	5,157.14
Capital Work-in-progress	3	462.48	462.48
Other Intangible Assets	4	49.96	50.18
Financial Assets			
i. Investments	5	18,030.29	48,545.17
ii. Other Financial Assets	6(d)	2,497.52	202.40
Deferred Tax Assets (net)	7	51,706.60	51,706.60
Other Non-current Assets	8	21.90	229.48
Total Non-current Assets		76,875.57	1,06,353.45
Current Assets			
Inventories	9	7,314.90	8,974.02
Financial Assets			
i. Trade Receivables	6(a)	1,67,705.42	1,71,059.83
ii. Cash and Cash Equivalents	6(c)	3,591.97	9,106.88
iii. Bank Balances other than (ii) above	6(c)	4,355.77	2,517.23
iv. Loans	6(b)	1,487.40	1,815.01
v. Other Financial Assets	6(d)	34,302.84	1,44,246.43
Current Tax Assets (net)	10(b)	5,564.84	11,470.80
Other Current Assets	10(a)	41,524.29	38,075.56
Total Current Assets		2,65,847.43	3,87,265.76
Total Assets		3,42,723.00	4,93,619.21
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	11(a)	17,215.18	15,804.46
Other Equity			
Compulsorily Convertible Preference Shares	11(a)	3,941.90	5,352.62
Money received against Share Warrants	100.00	100.00	
Reserves and Surplus	11(b)	31,948.52	(7,792.70)
Total Equity		53,205.60	13,464.38
LIABILITIES			
Non-current Liabilities			
Financial Liabilities			
i. Borrowings	12(a)	11,110.96	-
ii. Other Financial Liabilities	12(c)	438.71	365.63
Provisions	13	575.34	621.33
Total Non-current Liabilities		12,125.01	986.96
Current Liabilities			
Financial Liabilities			
i. Borrowings	12(b)	1,82,654.73	3,05,811.62
ii. Trade Payables	12(d)		
Total outstanding dues of Micro Enterprises and Small Enterprises		507.38	177.76
		50,764.24	84,518.92
iii. Other Financial Liabilities	12(c)	10,315.46	28,312.49
Other Current Liabilities	14	32,927.64	60,165.71
Provisions	13	222.94	181.37
Total Current Liabilities		2,77,392.39	4,79,167.87
Total Liabilities		2,89,517.40	4,80,154.83
Total Equity and Liabilities		3,42,723.00	4,93,619.21
Significant Accounting Policies	1-2		

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 44.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
V. K. Singhi
Partner
Membership Number: 050051

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Manoj Kumar Digga
(Chief Financial Officer)

Indranil Mitra
(Company Secretary)

Standalone Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from Operations	15	1,51,836.68	1,43,315.92
Other Income	16	24,573.53	15,902.71
Total Income		1,76,410.21	1,59,218.63
Expenses			
Cost of Materials Consumed	17	1,10,560.88	84,948.62
Outsourcing Expenses to Job Workers		41,200.06	45,007.10
Excise Duty	-	57.16	
Employee Benefit Expense	18	9,657.21	9,796.93
Depreciation and Amortisation Expense	19	1,058.57	1,461.92
Other Expenses	20	23,829.18	23,649.57
Finance Costs	21	36,704.17	50,235.54
Total Expenses		2,23,010.07	2,15,156.85
Profit / (Loss) before tax		(46,599.86)	(55,938.22)
Income Tax Expense	22		
- Current tax		-	-
- Deferred tax		-	(13,393.30)
Total Tax Expense		-	(13,393.30)
Profit / (Loss) for the year		(46,599.86)	(42,544.92)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit plans		(105.32)	(101.07)
Other Comprehensive Income for the year		(105.32)	(101.07)
Total Comprehensive Income for the year		(46,705.18)	(42,645.99)
Earnings Per Share	34		
Basic Earnings Per Share (Face value of INR 10 each)		(21.97)	(30.17)
Diluted Earnings Per Share (Face value of INR 10 each)		(21.97)	(30.17)
Significant Accounting Policies	1-2		

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 44.

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

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number:

117366W/W-100018

A. Bhattacharya

Partner

Membership Number: 054110

Kolkata, 30th May, 2019

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

V. K. Singhi

Partner

Membership Number: 050051

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan

(Chairman)

DIN No.: 00023788

Manoj Kumar Digga

(Chief Financial Officer)

Srinivash Singh

(Managing Director)

DIN No.: 00789624

Indranil Mitra

(Company Secretary)

Standalone Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before Income Tax	(46,599.86)	(55,938.22)
Adjustments for		
Depreciation	1,058.57	1,461.92
Finance Costs	36,704.17	50,235.54
Interest Income	(2,384.87)	(3,120.34)
Dividend Income	(0.22)	(2,111.67)
Loss/(Profit) on Disposal of Fixed Assets (Net)	(0.78)	8.75
Loss/(Profit) on Sale of Investments	(10,188.06)	-
Provision for Bad & Doubtful Debts	5,403.11	-
Bad Debts Written Off	-	1,283.79
Expected credit loss provided for/(written back)	(5,729.12)	(7,138.23)
Advance from customer written back	-	-
Provision for doubtful advances	67.06	-
Provision for Future Foreseeable Losses in Construction Contracts	273.62	(549.61)
Provision for impairment in value of investments	2,703.06	-
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	396.03	(142.65)
(Gain)/loss on fair valuation of derivative contracts	35.50	168.10
Net (gain)/loss on financial assets measured at fair value through profit or loss	33.17	(24.93)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(7,036.38)	(5,665.20)
(Increase)/Decrease in inventories	1,659.11	(6,359.20)
Increase/(Decrease) in trade payables	(33,545.89)	(63,253.68)
(Increase)/Decrease in other financial assets	1,17,607.42	11,301.01
(Increase)/decrease in other non-current assets	207.57	(37.84)
(Increase)/decrease in other current assets	(3,448.73)	32,424.91
Increase/(decrease) in provisions	(109.74)	(346.27)
Increase/ (decrease) in other financial liabilities	(1,057.34)	(1,280.09)
Increase/ (decrease) in other liabilities	(27,249.14)	(620.68)
Cash generated from operations		
Income taxes (paid) / Refund	5,905.96	511.11
Net cash inflow / (outflow) from operating activities	34,704.21	(49,193.47)
Cash flows from investing activities		
Purchase of investments	-	(53.14)
Purchase of property, plant and equipment	(14.76)	(42.48)
Loans given during the year	(482.75)	6,357.21
Proceeds from sale of investments	37,999.89	-
Proceeds from sale of property, plant and equipment	7.53	15.96
Deposits matured/(made) during the year	(1,840.89)	(910.60)
Dividends received	0.22	1,929.03
Withholding tax on dividends received	-	(182.61)
Interest received	3,133.29	3,594.66
Net cash inflow / (outflow) from investing activities	38,802.53	10,708.02

Standalone Statement of Cash Flows

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from financing activities		
Proceeds from issues of shares	-	39,382.99
Proceeds from borrowings	3,58,064.77	4,73,929.43
Repayment of borrowings	(4,00,250.83)	(4,17,258.09)
Dividend paid	-	(0.09)
Interest paid	(36,882.54)	(51,287.96)
Net cash inflow (outflow) from financing activities	(79,068.58)	44,766.28
Net increase / (decrease) in cash and cash equivalents	(5,561.84)	6,280.83
Cash and cash equivalents at the beginning of the financial year	9,106.88	2,826.04
Cash and cash equivalents at end of the year	3,545.04	9,106.87

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

Cash and cash equivalents (note 6(c))	3,591.97	9,106.88
Bank overdrafts (note 12(c))	(46.92)	-
Balances per statement of cash flows	3,545.05	9,106.88

Change in Liability arising from Financing Activities

Particulars	April 01, 2018	Cash Flow	Foreign Exchange Movement	Other Adjustment #	March 31, 2019
Borrowings (Non-current and current maturities of long term debts)	22,362.68	80,971.16	-65.89	-86,527.24	16,740.71
Borrowings (Current)	3,05,811.61	-1,23,157.22	-	0.34	1,82,654.73
Total	3,28,174.29	-42,186.06	-65.89	-86,526.90	1,99,395.44

Other Adjustment of ₹ 86,527.24 lakhs in respect of Non-Current Borrowings includes ₹ 87,482.00 Lakhs as fair value gain on deferment of advances received from certain companies converted into interest free Inter Corporate Deposits(ICDs) (Refer Note 41) & includes ₹ 823.33 Lakhs as amortisation of transaction cost and redemption premium on 11.50% Non-Convertible Redeemable Preference Shares.

Notes:

- The Standalone Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 44.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
V. K. Singhi
Partner
Membership Number: 050051

For **McNally Bharat Engineering Company Limited**
Aditya Khaitan
(Chairman)
DIN No.: 00023788
Manoj Kumar Digga
(Chief Financial Officer)
Srinivash Singh
(Managing Director)
DIN No.: 00789624
Indranil Mitra
(Company Secretary)



Standalone Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Equity Share Capital
As at March 31, 2017		5,359.38
Changes in Equity Share Capital	11(a)	10,445.08
As at March 31, 2018		15,804.46
Changes in Equity Share Capital	11(a)	1,410.72
As at March 31, 2019		17,215.18

B. Other equity

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital (CCPS)	Reserves and surplus					Total
				Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at April 1, 2017									4,877.61
Profit/(Loss) for the year									(42,544.91)
Other Comprehensive Income									(101.07)
Total comprehensive income for the year				-	(42,645.98)	-	-	-	(42,645.98)
Issue of Equity Shares/Warrants/CCPS	11(a)	100.00	3,941.90	39,510.28	-	-	-	-	43,552.18
Converted into Equity			(6,918.07)	-	-	-	-	-	(6,918.07)
Transaction costs		-	-	(1,205.82)	-	-	-	-	(1,205.82)
		100.00	(2,976.17)	38,304.46	-	-	-	-	35,428.29
Balance as at March 31, 2018		100.00	5,352.62	1,14,123.32	(1,23,466.66)	1.00	1,549.64	-	(2,340.08)

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital (CCPS)	Reserves and surplus					Total
				Securities Premium	Retained Earnings	Capital Redemption Reserve	General Reserve	Other Reserves	
Balance at April 1, 2018		100.00	5,352.62	1,14,123.32	(1,23,466.66)	1.00	1,549.64	-	(2,340.08)
Transition impact of IND AS 115 (Refer note 32)		-	-	-	(212.27)	-	-	-	(212.27)
Profit/(Loss) for the year		-	-	-	(46,599.86)	-	-	-	(46,599.86)
Other Comprehensive Income		-	-	-	(105.32)	-	-	-	(105.32)
Total comprehensive income for the year		-	-	-	(46,917.45)	-	-	-	(46,917.45)
Fair value gain on Financial Liabilities (Refer note 41)		-	-	-	-	-	-	87,482.00	87,482.00
Converted into Equity		-	(1,410.72)	-	-	-	-	-	(1,410.72)
Transaction costs		-	-	(823.33)	-	-	-	-	(823.33)
		-	(1,410.72)	(823.33)	-	-	-	87,482.00	85,247.95
Balance as at March 31, 2019		100.00	3,941.90	1,13,299.99	(1,70,384.11)	1.00	1,549.64	87,482.00	35,990.42

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 44.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
V. K. Singhi
Partner
Membership Number: 050051

For **McNally Bharat Engineering Company Limited**
Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Manoj Kumar Digga
(Chief Financial Officer)

Indranil Mitra
(Company Secretary)

Notes to Standalone Financial Statements

for the year ended March 31, 2019

1 CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

McNally Bharat Engineering Company Limited (MBECL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at 4, Mangoe Lane, Kolkata- 700001 and Corporate Office of the Company is located at Campus 2B, Ecospace Business Park, 11F/12 Rajarhat, New Town, Kolkata- 700156. The Company's equity shares are listed on National Stock Exchange and Bombay Stock Exchange. The company is engaged in diversified construction activities primarily execution of Turnkey Projects.

B. Recent Accounting pronouncements

Standards issued but not yet effective

The amendments to standards that are issued but not yet effective up to the date of issuance of the Company's Standalone Financial Statements are disclosed below:

Ind AS 116 Leases:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:
 - Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application

Certain practical expedients are available under both the methods.

The Company is currently assessing the impact on adoption of this standard on the Company's standalone financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition -

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company currently is evaluating the effect of the above on its standalone financial statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes' in connection with accounting for dividend distribution taxes.

The amendments clarifies that an entity shall recognise the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application this amendment is annual period beginning on or after April 1, 2019. The Company currently is evaluating the effect of the above on its standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use up dated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

Note 1: Significant Accounting Policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016, Companies (Indian Accounting Standards) (Amendment) Rules, 2017, Companies (Indian Accounting Standards) (Amendment) Rules, 2018 and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these financial statements.

(ii) Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following:

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

(iii) Operating Cycle

All assets and liabilities have been classified as current or non - current as per the Company'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,

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

the company has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 24 months.

(iv) Use of estimates and judgement

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

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

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

(b) Segment reporting

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC). Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Managing Director and Chief Financial Officer for the purpose of resource allocation and assessing performance focuses on the business as a whole. The CODM reviews the Company's performance on the analysis of profit before tax at an overall level. Further, there are no reportable geographical segments since all business is within India. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

(c) Foreign currencies

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

(i) Functional currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements are presented in Indian rupee (INR), which is MBECL's functional currency.

(ii) Transactions and balances

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

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

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

(d) Revenue recognition

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (India Accounting Standard) Amendment Rules, 2018. The new standard was

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

effective for accounting periods beginning on or after April 1, 2018. The Company has adopted Ind AS 115 using the modified retrospective approach. The adoption of the standard did not have any material impact to the standalone financial statements of the Company.

The Company derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminum, Material Handling, Mineral Beneficiation, Pyroprocessing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. (together called as “turnkey solutions”).

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

(i) Sale of Goods

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

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

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

(ii) Construction contracts

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

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

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

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billing, the surplus is shown as amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included as a

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

liability as advances received. Amounts billed for work performed but not yet paid by customer are included under trade receivables.

(iii) Dividend and Interest Income

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

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

(e) Taxation

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

(i) Current Tax

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

(ii) Deferred Tax

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

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

(f) Leases

A lease is classified at the inception date as a financial lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating leases.

Company as a lessee:

Lease rentals are recognized as expense on a straight-line basis over the lease term except where-

- (i) Another systematic basis is more representative of the time pattern in which economic benefits the leased asset is derived; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Company as a lessor:

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except where-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

- (i) Another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(g) Impairment of non-financial assets

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

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

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

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(i) Trade receivables

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

(j) Inventories

Inventories consists of raw materials, bought out components and loose tools.

Raw materials, bought out components and loose tools are stated at the lower of cost and net realizable value. Cost of inventories comprises costs of purchases. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials and stores on weighted average basis, and to bought out components on specific identification on individual cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(k) Financial liability

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

(i) Classification

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

(ii) Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as required by Ind AS 109. All financial liabilities are recognised initially at fair value and, in the case of liabilities measured at amortised cost net of directly attributable transaction costs.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (*Contd.*)

The Company's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

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

(I) Investments and other financial assets

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

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will be recorded in statement of profit and loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

(ii) Measurement

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

Investments in subsidiaries and joint ventures are recognized at cost as per Ind AS 27.

- (a) Debt instruments measured at amortized cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.
- (b) Equity instruments at Fair value through Profit and loss (FVTPL) - The Company subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit and loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/ (losses) in the statement of profit and loss. The Company has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of financial assets

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(iv) Derecognition of financial asset

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

(m) Derivatives that are not designated as hedges

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

(n) Offsetting of financial instruments

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

(o) Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset if, and only if:

- i. it is probable that future economic benefits associated with the item will flow to the entity; and
- ii. the cost of an item can be measured reliably.

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

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

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Companies Act 2013, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Class of Assets	Useful Lives as followed by the management
Plant and Machinery	3 to 20 years

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(p) Intangible assets

(i) Computer Software

Costs incurred on computer software resulting in future economic benefits are capitalized as Intangible Assets.

Intangible assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

(ii) Amortisation methods and periods

Computer software are amortized on a straight line basis over a period of three years.

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

(q) Trade and other payables

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

(r) Borrowings

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

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in statement of profit and loss as finance cost.

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

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

(s) Borrowing costs

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

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

(t) Provisions and Contingent liabilities

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

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

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

(u) Employee benefits

(i) Short – term obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 24 months after the year end and non - monetary benefits that are expected to be settled wholly within 24 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the balance sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

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

(ii) Other long term employee benefit obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 24 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least the operating cycle after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Defined benefit plans

The Company operates defined benefit plans such as Gratuity, Post - employment medical obligations and Provident Fund (administered by independent Trust).

The Company provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. The gratuity fund is administered by independent Trustees. Plan assets are managed by Life Insurance Corporation of India (LIC).

The Company provides for post – retirement medical benefits to eligible retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The company has a provident fund benefit plan which is administered by the independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, it is categorized as a defined benefit plan.

The liability or asset recognized in the balance sheet in respect of above defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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

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

(v) **Contributed equity**

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

(w) **Dividends**

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

(x) **Earnings per share**

(i) **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- Profit or loss attributable to equity shareholders of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for the effect of all dilutive potential equity shares. (Note 37)

(ii) **Diluted earnings per share**

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

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

Rounding of amounts

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

Note 2: Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures relating to contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (*Contd.*)

accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these standalone financial statements. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which the changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements

In the process of applying the company's accounting policies, management has made the following estimates, judgements and assumptions, which have the significant effect on the amounts recognised in the standalone financial statements:

1. Going Concern assumptions.
2. Expected cost of completion of contracts.
3. Fair value measurement of financial instruments.
4. Impairment of investment in joint venture and subsidiary
5. Recognition of deferred tax assets for carried forward tax losses
6. Impairment of trade receivables and due from customers
7. Provisions, Claims and Contingent Liabilities
8. Estimation of defined benefits obligation
9. Useful life of property, plant and equipment
10. Decommissioning obligations

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

Particulars	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Total	Capital work-in-progress
Year ended March 31, 2018						
Gross carrying amount						
Opening gross carrying amount	10,343.65	780.58	106.05	95.11	11,325.39	462.58
Additions	33.69	7.81	-	1.08	42.58	-
Disposals	(0.08)	(2.50)	(34.02)	(0.28)	(36.88)	-
Other adjustments	-	(10.02)	-	10.02	-	(0.10)
Closing gross carrying amount	10,377.26	775.87	72.03	105.93	11,331.09	462.48
Accumulated depreciation						
Opening accumulated depreciation	4,353.53	239.13	38.40	93.90	4,724.96	-
Depreciation charge during the year	1,303.95	131.34	16.33	8.03	1,459.65	-
Disposals	(0.08)	(0.60)	(15.01)	(0.16)	(15.85)	-
Other adjustments	5.19	-	-	-	5.19	-
Closing accumulated depreciation	5,662.59	369.87	39.72	101.77	6,173.95	-
Net carrying amount as at March 31, 2018	4,714.67	406.00	32.31	4.16	5,157.14	462.48
Year ended March 31 2019						
Gross carrying amount						
Opening gross carrying amount	10,377.26	775.87	72.03	105.93	11,331.09	462.48
Additions	1.32	10.45	-	-	11.77	-
Disposals/Adjustment	(0.84)	(0.13)	(11.18)	-	(12.15)	-
Closing gross carrying amount	10,377.75	786.18	60.85	105.93	11,330.71	462.48
Accumulated depreciation						
Opening accumulated depreciation	5,662.59	369.87	39.72	101.77	6,173.95	-
Depreciation charge during the year	914.05	130.34	7.38	3.58	1,055.35	-
Disposals	-	(0.01)	(5.40)	-	(5.41)	-
Other adjustments	-	-	-	-	-	-
Closing accumulated depreciation	6,576.64	500.21	41.70	105.35	7,223.89	-
Net carrying amount as at March 31, 2019	3,801.11	285.98	19.15	0.58	4,106.82	462.48

(i) Property, Plant and Equipment pledged as security

Refer to note 35 on Property, Plant and Equipment and Capital Work in progress pledged as security by the Company.

(ii) Capital Commitments

Refer to note 27 for disclosure of Capital Commitments for the acquisition of Property, Plant and Equipment.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

4 INTANGIBLE ASSETS

Particulars	Computer software *
Year ended March 31, 2018	
Gross carrying amount	
Opening gross carrying amount	64.53
Additions	
Closing gross carrying amount	64.53
Accumulated amortisation	
Opening accumulated amortisation	15.72
Amortisation charge for the year	2.27
Other adjustments	(3.64)
Closing accumulated amortisation	14.35
Closing net carrying amount as at March 31, 2018	50.18
Year ended March 31, 2019	
Gross carrying amount	
Opening gross carrying amount	64.53
Additions	3.00
Closing gross carrying amount	67.53
Accumulated amortisation	
Opening accumulated amortisation	14.35
Amortisation charge for the year	3.22
Other adjustments	
Closing accumulated amortisation	17.57
Closing net carrying amount as at March 31, 2019	49.96

* Computer software consists of other than internally generated intangible assets.

5 NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment in Equity Instruments (fully paid-up)		
In Subsidiaries		
Quoted (at cost) #		
102,68,698 (March 31, 2018 : 85,29,698) Equity Shares of Rs. 10/- each of McNally Sayaji Engineering Limited*	17,923.73	16,693.11
Unquoted (at cost)		
6,49,459 (March 31, 2018 : 6,49,459) Equity Shares of Rs. 10/- each of MBE Mineral Technologies Pte Limited (Cost Rs. 2550.74 , fully impaired)	2,550.74	2,550.74
99,400 (March 31, 2018 : 99,400) Equity Shares of Rs. 10/- each of McNally Bharat Equipments Limited	9.94	9.94
4,99,99,996 (March 31, 2018 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited (Cost Rs. 4.69 , fully impaired)	4.69	4.69
100 (March 31, 2018 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited (Cost Rs. 0.13 , fully impaired)	0.13	0.13

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2019	As at 31st March, 2018
NIL (March 31, 2018 : 4,75,200) Equity Shares of Rs. 10/- each Vedica Sanjeevani Projects Private Limited**	-	15,000.00
In Joint Ventures		
Investment in Equity instruments (fully paid-up)		
Unquoted (at cost)		
87,500 (March 31, 2018 : 87,500) Equity Shares of EMC MBE Contracting Company LLC (Cost Rs. 152.31, fully Impaired)	152.31	152.31
Investment in Compulsorily Convertible Preference Shares (CCPS) (fully paid-up)		
In subsidiary		
Unquoted (at cost)		
NIL (March 31, 2018 : 18,00,000) 1% compulsorily convertible preference Shares of McNally Sayaji Engineering Limited #	-	1,350.00
In other investments		
Equity Instruments carried at fair value through profit and loss account		
Quoted		
10,960 (March 31, 2018 : 10,960) Equity Shares of ₹ 5/- each Eveready Industries India Limited	21.05	41.07
10,960 (March 31, 2018 : 10,960) Equity Shares of McLeod Russel India Limited of ₹ 5/- each	9.40	15.76
Total (Equity Instruments and CCPS)	20,671.99	35,817.75
Investment in Mutual Funds		
Unquoted		
3,62,970.078 (March 31, 2018 : 1,577,970.078) units of L&T Short Term Opportunities Growth Fund	66.17	262.20
Total (mutual funds)	66.17	262.20
Investment in Debentures		
In Subsidiary		
Unquoted (carried at amortised cost)		
NIL (March 31, 2018 : 12,47,004) 2% Debentures of ₹ 1000/- each of Vedica Sanjeevani Projects Private Limited**	-	12,470.04
Total (Debenture)	-	12,470.04
Impairment in the value of investments carried at cost		
6,49,459 (March 31, 2018 : 6,49,459) Equity Shares of ₹ 10/- each of MBE Mineral Technologies Pte Limited	2,550.74	-
4,99,99,996 (March 31, 2018 : 4,99,99,996) Equity Shares of ZMK 1 each of MBE Minerals Zambia Limited	4.69	4.69
100 (March 31, 2018 : 100) Equity Shares of ZAR 1 each of McNally Bharat Engineering (SA) Proprietary Limited	0.13	0.13
87,500 (March 31, 2018 : 87,500) Equity Shares of EMC MBE Contracting Company LLC	152.31	-
Total	2,707.87	4.82
Total Non-current Investments	18,030.29	48,545.17
Aggregate amount of quoted investments and market value thereof*	30.45	56.83
Aggregate amount of unquoted Investments*	17,999.84	48,488.34
Aggregate amount of impairment in the value of Investments	2,707.87	4.82



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

* McNally Sayaji Engineering Limited (MSEL) was previously listed with Delhi Stock Exchange Limited (DSEL), Ahmedabad Stock Exchange Limited (ASEL) and Vadodara Stock Exchange Limited (VSEL). VSEL and ASEL stock exchanges have undergone compulsory / voluntary exit as per relevant SEBI circulars/orders. Further, SEBI has passed order for derecognition of DSEL. With effect from April 17, 2018 McNally Sayaji Engineering Limited has got enlisted with Metropolitan Stock Exchange of India (MSE). Considering the fact that MSEL was not publicly traded at MSE during the year, the market value of the quoted investments excludes the market value of the investment in MSEL in absence of availability of market quote. # 36 Lakhs 1% Compulsorily Convertible Preference Shares has been converted into 18 Lakhs Equity Shares during the year ended March 31, 2019 (18 Lakhs Equity Shares during the year ended March 31, 2018). The Equity Shares so converted has not been listed in any of the stock exchange as on the reporting date.

** During the current year, the Company has sold 475,200 Equity Shares i.e. its entire Equity shareholding of 60% of the total Equity Share Capital and 12,47,004 Debentures of its subsidiary, Vedica Sanjeevani Projects Private Limited at a profit of ₹ 10,211.49 lakhs, which is included in Other Income (Note 16).

Refer to note 35 on investments pledged as security by the company.

6 (A) TRADE RECEIVABLES

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured		
Trade Receivables - Considered good (Refer note 42)	1,67,705.42	1,71,059.83
Trade Receivables - Credit impaired	8,880.29	4,140.10
Less: Allowance for doubtful Receivables (Expected loss provision)	(8,880.29)	(4,140.10)
Total Receivables	1,67,705.42	1,71,059.83
Current	1,67,705.42	1,71,059.83

6 (B) TRADE RECEIVABLES

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured		
Loans to others - Considered good	1,487.40	1,568.08
Loan to Subsidiaries - Considered good (refer note 26)	-	246.93
Loans to Subsidiaries - Credit impaired	1,425.12	1,425.12
Less: Allowance for doubtful loan Receivables (Expected loss provision)	(1,425.12)	(1,425.12)
Total loans Receivables	1,487.40	1,815.01

Refer note 24(ii) & 37

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

6 (C) CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balances with banks		
- in current accounts	3,512.79	8,777.10
- in cash credit accounts	0.20	5.81
Cash on hand	78.98	323.97
Total cash and cash equivalents	3,591.97	9,106.88
Other bank balances		
Earmarked balances with banks	4,349.15	2,211.09
Deposits with bank	2.64	299.81
Balance in unpaid dividend account*	3.98	6.33
Total other bank balances	4,355.77	2,517.23

(i) Earmarked balances with bank represents balances held for margin money against issue of bank guarantees, having maturity of less than one year.

(ii) There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

* Under reconciliation

6 (D) OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Current	Non-current	Current	Non-current
(i) Derivatives				
Foreign-exchange forward contracts	-	-	35.50	-
(ii) Others				
Security deposits	249.14	7.43	218.59	15.99
Advance to employees	70.14	-	54.84	-
Due from customers (refer note 32)	19,522.33	-	1,26,140.00	-
Earmarked balances with banks (Refer note (i) below)	-	2,490.09	-	186.40
Expenses recoverable (Refer note 42)	14,461.21	-	17,049.05	-
Interest Receivable	-	-	748.43	-
Total other financial assets	34,302.84	2,497.52	1,44,246.43	202.40

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Earmarked balances with bank represents balances held for margin money against issue of bank guarantees.

7 DEFERRED TAX ASSETS

(A) The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Assets on :		
Tax losses	46,331.02	58,015.84
Property, Plant and Equipment and Intangible Assets	40.17	-
Others	5,335.41	3,423.91
Total deferred tax assets	51,706.60	61,439.75
Set-off of deferred tax liabilities pursuant to set-off provisions	-	(9,733.15)
Net deferred tax assets	51,706.60	51,706.60

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Liabilities On:		
Property, Plant and Equipment and Intangible Assets	-	70.68
Other items taxable in later years	-	9,662.47
Total deferred tax liabilities	-	9,733.15
Set-off of deferred tax liabilities pursuant to set-off provisions	-	(9,733.15)
Net deferred tax liabilities	-	-

(B) Reconciliation of deferred tax assets:

The balance comprises temporary differences attributable to:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Opening balance as at April 1	51,706.60	38,313.30
Tax income during the year recognised in Statement of Profit and Loss	-	13,393.30
Closing balance as at March 31	51,706.60	51,706.60

The Company had deferred tax assets of Rs. 51,706.60 lakhs as on March 31, 2018, which the company is also carrying as on March 31, 2019. No deferred tax asset has been further recognised during the financial year 2018-19 and based on the resolution process which is being actively considered by the Lenders, the management has made estimates regarding the probability that the future taxable profits will be available against which existing deferred tax assets up to March 31, 2018 can be utilised.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

8 OTHER NON-CURRENT ASSETS

Particulars	As at 31st March, 2019	As at 31st March, 2018
Capital Advances	2.86	164.95
Prepaid Rent	18.58	64.07
Balance with statutory/government authorities	0.46	0.46
Total Other Non-Current Assets	21.90	229.48

9 INVENTORIES (Lower of cost or net realisable value)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Raw materials	2,404.14	3,553.49
Bought out components	4,910.51	5,420.28
Loose Tools	0.25	0.25
Total inventories	7,314.90	8,974.02

10 (A) OTHER CURRENT ASSETS

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance to suppliers & others	23,085.40	18,256.80
Advance to subsidiaries (refer note 26)	1,935.28	1,508.05
Balance with statutory/government authorities	15,472.26	14,303.58
Prepaid expenses	1,031.36	4,007.14
Total other current assets	41,524.29	38,075.56

10 (B) CURRENT TAX ASSETS (NET)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance income tax{net of provisions ₹ 390.84 (March 31, 2018 : ₹ 390.84)}	5,564.84	11,470.80
Total current tax assets (net)	5,564.84	11,470.80

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

11 EQUITY SHARE CAPITAL AND OTHER EQUITY

11(A) Equity Share Capital

Particulars	Equity shares		Compulsorily convertible preference shares	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
As at March 31, 2017	16,50,00,000	16,500.00	8,50,00,000	8,500.00
Increase during the year	7,50,00,000	7,500.00	5,50,00,000	5,500.00
As at March 31, 2018	24,00,00,000	24,000.00	14,00,00,000	14,000.00
Increase during the year	-	-	-	-
As at March 31, 2019	24,00,00,000	24,000.00	14,00,00,000	14,000.00
Issued, Subscribed and Paid up:				
(i) Movements in Share Capital				
As at March 31, 2017	5,35,93,818	5,359.38	8,32,87,939	8,328.79
Increase during the year	10,44,50,788	10,445.08	3,94,19,000	3,941.90
Converted into Equity Shares	-	-	(6,91,80,788)	(6,918.07)
As at March 31, 2018	15,80,44,606	15,804.46	5,35,26,151	5,352.62
Increase during the year	1,41,07,151	1,410.72	-	-
Converted into Equity Shares	-	-	(1,41,07,151)	(1,410.72)
As at March 31, 2019	17,21,51,757	17,215.18	3,94,19,000	3,941.90

Terms and rights attached to Equity Shares :

Each Equity share has a par value of Rs 10/-. It entitles the holder to participate in dividends, and to share in the proceeds upon liquidation of the Company in proportion to the number of Shares held and amounts paid thereon.

Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Terms and rights attached to Compulsorily Convertible Preference Shares (CCPS):

Each CCPS shall be compulsorily convertible into one Equity share at any time within 18 months from the date of allotment. CCPS shall have priority with respect to payment of dividend or repayment of capital over Equity Shares of the Company.

The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid.

Each CCPS would carry a dividend of 1% which would be non cumulative.

ii) **Shares of the Company held by holding/ultimate holding company: The Company does not have a holding company.**

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

iii) Details of shareholders holding more than 5% of the aggregate Equity Shares in the Company:

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	2,76,18,952	16.04	2,76,18,952	17.47
EMC Limited	1,01,37,689	5.89	1,42,87,689	9.04
Williamson Financial Services Limited	1,67,02,515	9.70	1,00,51,000	6.36
Babcock Borsig Limited	1,26,64,636	7.36	98,01,000	6.20
Sahal Business Private Limited	1,74,47,637	10.13	1,74,47,637	11.04
Merlin Securities Private Limited	88,00,000	5.11	88,00,000	5.57

iv) Details of shareholders holding more than 5% of the aggregate Compulsorily Convertible Preference Shares (CCPS) in the Company

Particulars	March 31, 2019		March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Co. Limited	40,00,000	10.15	40,00,000	7.47
Williamson Financial Services Limited	40,00,000	10.15	1,06,51,515	19.90
Babcock Borsig Limited	40,00,000	10.15	68,63,636	12.82
Mortal Vinimay Private Limited	-	-	42,68,000	7.97
Aditya Birla Finance Limited	1,12,90,000	28.64	1,12,90,000	21.09
IL& FS Financial Services Limited	1,61,29,000	40.92	1,61,29,000	30.13

v) Aggregate number of Shares issued for consideration other than cash for the period of five years immediately preceding the date at which the Balance Sheet is prepared:

On September 29, 2018, the Company issued 14,107,151 Equity Shares of ₹ 10/- each at a premium of ₹ 56/- per Share to two Promoters Companies and the Equity Shareholders and certain Debenture Holders of Vedica Sanjeevani Projects Private Limited ('Vedica') pursuant to the conversion of 14,107,151 Compulsorily Convertible Preference Shares (CCPS) allotted on March 30, 2017.

On March 26, 2018, the Company issued 1,20,00,000 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹ 52 per CCPS to the Promoter group Companies for part conversion of outstanding unsecured loan of ₹ 7,440 lakhs. On March 31, 2018, the Company issued 3,21,51,515 Equity Shares of ₹ 10 each at a premium of ₹ 52 per share to the Promoter group companies pursuant to conversion of 3,21,51,515 CCPS which were allotted on March 30, 2017. Also, on March 31, 2018, the Company issued 3,70,29,273 Equity Shares of ₹ 10 each at a premium of ₹ 56 per share to Equity Shareholders and certain debenture holders of Vedica Sanjeevani Projects Private Limited ('Vedica') pursuant to the conversion of 3,70,29,273 CCPS out of 4,16,21,273 CCPS allotted on March 30, 2017.

On March 30, 2017, the Company had issued Compulsorily Convertible Preference Shares (CCPS) at face value of ₹ 10 only per share and ₹ 56 only towards premium. CCPS totalling 4,16,66,666 numbers were issued to the promoter group companies for ₹ 27,499.99 Lakhs and a further 4,16,21,273 numbers for ₹ 27,470.04 Lakhs to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited with whom the Company had entered into an agreement on February 17, 2017. Vide the same agreement entered into by the Company and Vedica Sanjeevani Projects Private Limited on February 17, 2017, the Company acquired 4,75,200 Equity Shares and 12,47,004 debentures of Vedica Sanjeevani Projects Private Limited.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Other Equity

11(b) Reserves and surplus

Particulars	March 31, 2019	March 31, 2018
Securities Premium	1,13,299.99	1,14,123.32
Capital Redemption Reserve	1.00	1.00
General Reserve	1,549.64	1,549.64
Retained Earnings	(1,70,384.11)	(1,23,466.66)
Other Reserves	87,482.00	-
Total reserves and surplus	31,948.52	(7,792.70)

(i) Securities premium reserve

Particulars	March 31, 2019	March 31, 2018
As per last Financial Statements	1,14,123.32	75,818.86
Issue of shares during the year	-	39,510.28
Transaction costs arising on issue of shares and other adjustments	(823.33)	(1,205.82)
Closing balance	1,13,299.99	1,14,123.32

Nature and purpose:

Securities Premium has arisen on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

(ii) Capital redemption reserve

Particulars	March 31, 2019	March 31, 2018
As per last Financial Statements	1.00	1.00
Appropriations during the year	-	-
Closing balance	1.00	1.00

Nature and purpose:

The reserve is a non distributable reserve. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) General Reserve

Particulars	March 31, 2019	March 31, 2018
As per last Financial Statements	1,549.64	1,549.64
Transferred (to)/from Retained earnings	-	-
Closing balance	1,549.64	1,549.64

Nature and purpose:

The reserve is a part of retained earnings. This is available for distribution to the shareholders as a part of free reserve.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(iv) Retained earnings

Particulars	March 31, 2019	March 31, 2018
As per last Financial Statements	(1,23,466.66)	(80,820.68)
Net Profit/(loss) for the year	(46,599.86)	(42,544.91)
Items of OCI directly transferred to retained earnings	(105.32)	(101.07)
Transition impact for first time adoption of IND AS 115 (Refer note 32)	(212.27)	-
Closing balance	(1,70,384.11)	(1,23,466.66)

Nature and purpose:

This reserve represents the cumulative profits/(losses) of the Company. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(v) Retained earnings

Particulars	March 31, 2019	March 31, 2018
As per last Financial Statement	-	-
Fair value gain on Financial Liabilities recognised during the year (refer note 41)	87,482.00	-
Closing balance	87,482.00	-

Nature and purpose:

(i) This reserve represents fair valuation gain on valuation of long term borrowings measured at amortised cost. The reserve will be utilised through unwinding as interest expense to be recognised over the period of the borrowings (refer note 41).

12 FINANCIAL LIABILITIES

12(A) NON-CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	As at March 31, 2019	As at March 31, 2018
Secured			
Term Loans			
Rupee loan			
- From banks	10.75% to 13%	-	7,610.15
- From others	9.50%	-	9,793.39
Foreign currency loan - From banks (refer note (ii) & (iii))	10.62%	651.67	1,163.98
Unsecured			
From others			
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares (refer note (i) below and note 29)	11.50%	5,020.49	4,197.13
Inter-Corporate Borrowings (refer note 41)	0%	11,110.96	-
Total Non-Current Borrowings		16,783.12	22,764.64
Less: Current maturities of long-term debt (included in note 12(c))		5,629.75	22,362.68
Less: Interest accrued (included in note 12(c))		42.41	401.96
Non-current borrowings		11,110.96	-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

- (i) Non-Convertible Redeemable Preference Shares are redeemable in 8 equal quarterly installments commencing from 5 June, 2018 and the last installment payable on March 05, 2020 which has been on default.

Terms of repayment:

In case of loan having a nominal balance outstanding of USD 8.75 lakhs, repayable in 10 semi annual instalments starting June 23, 2014. The last instalment date was due on December 23, 2018. Last installment remains unpaid till the approval of these financial statements.

Security details

Refer Note 39 for details of assets charged as security against these borrowings.

Details of loan	Nature of Security
External Commercial Borrowing from ICICI Bank Limited	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.

Details of default

The details of default during the year in respect of borrowings are as under:

Name of the lender	Amount of Default (More than 3 Months)		Amount of Default (Less than 3 Months)		Remarks
	Principle	Interest/ Dividend	Principle	Interest	
ICICI Bank (Secured Long term borrowing (ECB))	609.26	42.41	-	-	Amount of default persisting as on the closing date
Tata Capital Financial Services Limited (Redeemable Preference Shares)	2,060.12	393.70	1,030.06	11.23	
Vinay Mohindar (Redeemable Preference Shares)	26.87	30.95	8.96	0.90	
Vyana Venturies (Redeemable Preference Shares)	26.87	31.09	8.96	0.90	
Mridula Mohata Chandra (Redeemable Preference Shares)	51.30	59.30	17.10	1.80	
Rahul Mohindar (Redeemable Preference Shares)	26.87	29.76	8.96	0.90	
Brijesh Kumar Biyani (Redeemable Preference Shares)	53.84	62.99	17.95	1.80	
ICICI Bank (Secured Long term borrowing (ECB))	-	-	602.88	45.31	Amount of default remediated during the year
L & T Finance Limited (Long term rupee term borrowing from others)	-	-	10,000.00	722.30	
Ratnakar Bank Limited (Secured long term Borrowing rupee loan from bank)	-	-	750.00	-	
L & T Finance Limited (Long term rupee term borrowing from others)	-	-	10,000.00	722.30	
Ratnakar Bank Limited (Secured long term Borrowing rupee loan from bank)	-	-	750.00	-	
ICICI Bank (Secured long term Borrowing rupee loan from bank)	-	-	312.50	2.67	

Refer Note 39 for details of assets charged as security against these borrowings.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

12(B) CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	As at March 31, 2019	As at March 31, 2018
Term Loans			
Secured			
Rupee loan			
- From banks	8.95% to 9.95%	-	42,500.00
- From others	12.65%	-	27,500.00
Unsecured			
Rupee loan			
- From banks	8.95% to 11.75%	-	40,049.90
- From others	10.22% to 12%	-	25,076.85
Loans repayable on demand			
Secured			
From banks (refer note (i))			
Cash credit from banks	12.05% to 15.10%	1,63,325.79	84,034.36
Working capital demand loans from banks *	12.5% to 13.50%	17,986.84	19,007.61
Unsecured			
Deposit (Inter Corporate) - From others	9% to 18%	2,704.07	68,151.53
Total current borrowings		1,84,016.70	3,06,320.25
Less: Interest accrued (included in note 12(c))		1,361.97	508.64
Current borrowings		1,82,654.73	3,05,811.62

* The Company has filed request letters to respective banks for roll over of facility from time to time.

Terms of the borrowings

Details of loan	Nature of Security
Cash credit facility from consortium of banks and Working capital demand loans from 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 Kumardhubi 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. The Working Capital Demand Loans have been guaranteed by one of the directors to the tune of Rs. 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private Limited held by the subsidiary company are pledged for Working Capital Demand Loans.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Details of default are as follows:

Name of the lender	Amount of Default (More than 3 Months)		Amount of Default (Less than 3 Months)		Remarks
	Principle	Interest	Principle	Interest	
Axis Bank Limited - WCDL from banks (secured)	-	-	12,653.00	-	Amount of default persisting as on the closing date.
Allahabad Bank - Cash credit from banks (Secured)	-	-	5,595.02	-	Amounts of default stated are in excess of sanction limits and persisting as on the closing date including interest component.
Axis Bank Limited - Cash credit from banks (Secured)	18,598.20	-	-	-	
Bank of Baroda - Cash credit from banks (Secured)	1,231.07	-	-	-	
Bank of India - Cash credit from banks (Secured)	-	-	11,593.48	-	
Canara Bank - Cash credit from banks (Secured)	-	-	1,054.46	-	
ICICI Bank - Cash credit from banks (Secured)	5,773.25	-	-	-	
IDBI Bank - Cash credit from banks (Secured)	-	-	6,078.41	-	
Karur Vysya Bank - Cash credit from banks (Secured)	5,679.22	-	-	-	
Lakshmi Vilas Bank - Cash credit from banks (Secured)	-	-	1.41	-	
Oriental Bank of Commerce Bank - Cash credit from banks (Secured)	-	-	948.31	-	
Punjab National Bank - Cash credit from banks (Secured)	-	-	13,299.06	-	
State Bank Of India - Cash credit from banks (Secured)	-	-	2,490.42	-	
UCO Bank - Cash credit from banks (Secured)	-	-	5.50	-	
Union Bank - Cash credit from banks (Secured)	-	-	8,509.43	-	
United Bank of India - Cash credit from banks (Secured)	-	-	1.86	-	
HDFC Bank Ltd (Rupee loan from bank (Unsecured))	-	-	5,000.00	159.65	Amount of default remediated during the year
Housing Development Finance Corporation Limited - Rupee loan from others (Unsecured)	11,500.00	-	13,500.00	1,095.58	
Aditya Birla Finance Limited - Rupee loan from others (Secured)	-	-	7,500.00	769.21	
Standard Chartered Bank - Interest on WCDL from banks (secured)	-	173.16	-	537.98	

The Company has submitted a resolution plan to its lenders for debt restructuring as described in Note 40.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

12 (C) OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March, 2019	As at 31st March, 2018
Non-current		
Others	-	-
Lease equalisation	438.71	365.63
Total other non-current financial liabilities	438.71	365.63
Current		
Current maturities of long-term debt	5,629.75	22,362.68
Interest accrued on borrowings and others	2,491.70	2,782.19
Capital creditors	14.61	30.44
Employee Benefits payable	1,370.91	2,504.04
Security deposits	90.29	90.54
Dividend Accrued on Preference Shares	336.37	224.25
Unpaid dividends	9.50	11.76
Overdrawn current accounts	46.92	-
Others	325.38	306.59
Total other current financial liabilities	10,315.46	28,312.49

12 (D) TRADE PAYABLES

Particulars	As at 31st March, 2019	As at 31st March, 2018
Trade payables due to micro, small and medium enterprises (Refer note 30)	507.38	177.76
Trade payables other than micro enterprises and small enterprises	40,835.26	52,853.38
Acceptances	9,928.98	31,665.54

13 PROVISIONS

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefits						
- Compensated absence	99.46	375.45	474.90	55.41	440.73	496.14
- Gratuity	(1.64)	(9.11)	(10.75)	(4.46)	(55.46)	(59.92)
- Others	21.22	209.00	230.22	26.52	236.06	262.58
Decommissioning obligations	103.90	-	103.90	103.90	-	103.90
Total provisions	222.94	575.34	798.27	181.37	621.33	802.70



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Movements in provisions

Movements in decommissioning obligations during the financial year, are set out below:

Particulars	Decommissioning obligations
As at April 01, 2017	104.62
Charged/(credited) to Statement of Profit and Loss	
- unwinding of discount	(0.72)
As at March 31, 2018	103.90
As at April 01, 2018	103.90
Charged/(credited) to Statement of Profit and Loss	
- unwinding of discount	-
As at March 31, 2019	103.90

(ii) Compensated absence

The leave obligations cover the Company's liability for earned leave. The amount of the provision of ₹ 99.46 lakhs (March 31, 2018 — ₹ 55.41 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. The amount that is expected to be funded within next 12 months is ₹ 190.67 lakhs.

(iii) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follow:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	551.32	440.57	110.75
Current service cost	61.36	-	61.36
Interest expense/(income)	38.92	34.14	4.78
Total amount recognised in Profit and Loss	100.28	34.14	66.14
Remeasurements			-
- Return on plan assets	-	(7.24)	7.24
- Due to financial assumptions	(2.34)	-	(2.34)
- Due to experience adjustments	(20.54)	-	(20.54)
Total amount recognised in Other Comprehensive Income	(22.88)	(7.24)	(15.64)
Employer contributions	-	(221.17)	221.17
Benefit payments	(98.53)	(98.53)	-
March 31, 2018	530.19	590.11	(59.92)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	530.19	590.11	(59.92)
Current service cost	58.36	-	58.36
Interest expense/(income)	32.94	45.44	(12.50)
Total amount recognised in Profit and Loss	91.30	45.44	45.86
Remeasurements			-
- Return on plan assets	-	(9.97)	9.97
- Due to financial assumptions	6.48	-	6.48
- Due to experience adjustments	66.96	-	66.96
Total amount recognised in Other Comprehensive Income	73.43	(9.97)	83.41
Employer contributions	-	80.10	(80.10)
Benefit payments	(204.79)	(204.79)	-
March 31, 2019	490.13	500.88	(10.75)

The net liability disclosed above relates to funded plan.

The significant actuarial assumptions used were as follows:

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.70%	7.75%
Salary escalation	4.00%	4.00%
Expected return on plan assets	7.70%	7.75%
Withdrawal rate	1.00-8.00%	1.00-8.00%

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

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

Assumption	Increase/ (decrease)	Assumption Rate	Amount of increase/ (decrease) in defined benefit obligations as at March 31, 2019
Discount rate	Increase by	1%	(31.35)
Discount rate	Decrease by	1%	35.54
Salary escalation	Increase by	1%	37.33
Salary escalation	Decrease by	1%	(33.89)
Withdrawal rate	Increase by	1%	8.36
Withdrawal rate	Decrease by	1%	(9.41)

The above sensitivity analyses are based on reasonably possible changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets underperform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follow:

Year	As at 31st March, 2019	As at 31st March, 2018
2018-19	NA	29.83
2019-20	74.63	68.76
2020-21	79.21	73.70
2021-22	61.08	53.47
2022-23	52.09	71.36
2023-24	43.76	50.34
Thereafter	239.29	199.10

The weighted average duration of the defined benefit obligation is 5.02 years (March 31, 2018 5.37 years). The expected contribution to the fund during 2019-20 would be ₹ 56.39 Lakhs.

(iv) Provident fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2019 and March 31, 2018.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.70%	7.75%
Guaranteed interest rate	8.65%	8.55%
Expected average remaining Working life (in years)	11.26	11.15

The Company contributed ₹ 324.47 Lakhs and ₹ 338.13 Lakhs during the years ended March 31, 2019 and March 31, 2018, respectively, and the same has been recognised in the Statement of Profit and Loss under the head employee benefit expenses.

Risks arising from defined benefit obligations

The defined benefit obligation plans typically expose the Company to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

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

Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

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

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

14 OTHER LIABILITIES

Particulars	As at 31st March, 2019	As at 31st March, 2018
Advance from customers	20,696.48	52,945.35
Statutory tax payables	436.10	2,422.27
Due to Customers (refer note 32)	11,619.93	4,652.48
Dividend Distribution Tax on preference dividend	68.71	45.66
Benevolent fund	106.42	99.95
Total other liabilities	32,927.64	60,165.71

Particulars	As at 31st March, 2019	As at 31st March, 2018
Current	32,927.64	60,165.71
Non-current	-	-

15 REVENUE FROM OPERATIONS

The company derives the following types of revenue:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Contract Revenue & Sale of Equipments	1,51,585.20	1,43,061.72
Other operating revenue	251.48	254.20
Total revenue from operations	1,51,836.68	1,43,315.92

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

16 OTHER INCOME

(a) Other income

Particulars	As at 31st March, 2019	As at 31st March, 2018
Interest Income on Deposits	843.87	1,107.35
Interest Income from financial assets measured at amortised cost	1,437.83	1,763.60
Interest Income from Debenture	103.18	249.40
Interest Income on fair valuation of revenue	6,142.89	2,833.57
Dividend Income from subsidiary	-	2,111.64
Dividend Income from investments mandatorily measured at fair value through profit and loss	0.22	0.03
Net Foreign Exchange Gain	-	404.52
Expected credit loss on trade receivables and due from customers written back	5,729.12	7,138.23
Corporate Guarantee Commission	147.35	147.35
Miscellaneous Income	49.68	290.19
Total Other Income	14,454.14	16,045.88

(b) Other gains/(losses)

Particulars	March 31, 2019	March 31, 2018
Net gain/(loss) on sale of Investments	10,188.06	-
Fair value (losses)/gains on derivatives not designated as hedges	(35.50)	(168.10)
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	(33.17)	24.93
Total other gains/(losses)	10,119.39	(143.17)

Total Other income and other gains / (losses)	24,573.53	15,902.71
---	-----------	-----------

17 COST OF MATERIALS CONSUMED

Particulars	March 31, 2019	March 31, 2018
Raw Materials at the beginning of the year	3,553.49	2,614.58
Add: Purchases	12,304.06	18,606.22
Less: Raw Materials at the end of the year	(2,404.14)	(3,553.49)
Total Cost of Raw Materials Consumed	13,453.42	17,667.31
Add: Consumption of bought out components	97,107.46	67,281.31
Total cost of materials consumed	1,10,560.88	84,948.62

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

18 EMPLOYEE BENEFITS EXPENSE

Particulars	March 31, 2019	March 31, 2018
Salaries, Wages and Bonus	8,263.91	8,647.99
Contribution to Provident and Other Funds	370.33	372.98
Workmen and Staff Welfare Expenses	1,022.96	775.96
Total employee benefit expense	9,657.21	9,796.93

19 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	March 31, 2019	March 31, 2018
Depreciation of Property, Plant and Equipment	1,055.35	1,459.65
Amortisation of Intangible Assets	3.22	2.27
Total Depreciation and Amortisation Expense	1,058.57	1,461.92

20 OTHER EXPENSES

Particulars	March 31, 2019	March 31, 2018
Power & Fuel	1,053.64	828.72
Lease Rent	1,013.90	1,090.00
Repairs and Maintenance		
Plant and Machinery	15.62	36.45
Insurance	402.88	414.17
Auditor's Remuneration	79.15	110.78
Director's Fees	10.80	8.60
Rates & Taxes	94.39	213.59
Cartage & Freight	2,208.64	4,471.59
Bank Charges	4,101.22	3,366.24
Professional Services	2,755.63	6,656.42
Travelling	1,194.07	1,801.66
Bad Debts Written Off	-	1,283.79
Provision for Bad & Doubtful Debts	5,403.11	-
Provision for Doubtful Advances	67.06	-
Provision for Future Foreseeable Losses in Construction Contracts	273.62	(549.61)
Provision for Impairment in value of Investments	2,703.06	-
Net Foreign Exchange Loss	396.03	-
Miscellaneous Expenses	2,053.46	3,917.17
Total other expenses	23,829.18	23,649.57

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

20 (A) DETAILS OF AUDITOR'S REMUNERATION

Particulars	March 31, 2019	March 31, 2018
Payment to Auditors		
Audit fee and limited reviews	64.30	56.80
For Other Services	10.03	49.71
Re-imbursement of Expenses	4.82	4.27
Total payments to auditors	79.15	110.78

21 FINANCE COSTS

Particulars	March 31, 2019	March 31, 2018
Interest and finance charges on financial liabilities not at fair value through profit or loss	35,146.41	47,211.49
Discounting on fair valuation of financial instruments on amortised cost	1,410.29	2,766.33
Unwinding of discount on provisions	35.35	40.68
Proposed Dividend on Preference Shares	112.12	112.13
Exchange differences regarded as an adjustment to borrowing costs	-	104.91
Total	36,704.17	50,235.54

22 INCOME TAX EXPENSE

(a) Income tax expense

Particulars	March 31, 2019	March 31, 2018
(a) Income Tax Expense		
Deferred Tax		
Decrease/ (increase) in deferred tax assets	-	(13,947.41)
(Decrease)/ increase in deferred tax liabilities	-	554.11
Total Deferred Tax Expense/(Income)	-	(13,393.30)
Total	-	(13,393.30)

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

(b) Unused tax losses for which no Deferred Tax Assets is recognised in Balance Sheet

Particulars	Base Amount	Deferred Tax
Tax losses (business loss on which no tax asset is created)		
Assessment Year 2018-19	12,581.78	4,354.30
Assessment Year 2019-20	30,266.07	10,576.18
Total	42,847.85	14,930.48

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

23 CAPITAL MANAGEMENT

Capital management

The Company strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future developments and growth of its business.

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with various financial covenants. The Company has not complied with some of the covenants during the current as well as the previous year.

24 RISK MANAGEMENT

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

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

(A) Credit Risk

Credit risk arises from Cash and Cash equivalents, investments and other financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and due from customers.

(i) Credit Risk Management

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

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Provision for expected credit losses

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

Year ended March 31, 2019

(a) Expected credit loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

Particulars	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Loans	VL1	1,487.40	-	-	1,487.40
	Expenses Recoverable	VL1	14,461.21	-	-	14,461.21
	Security deposits and advance to employees	VL1	326.71	-	-	326.71
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	VL6	1,425.12	100%	1,425.12	-

(b) Expected credit loss for Trade Receivables and due from Customers under simplified approach

Particulars	Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	VL3	20,209.43	1,76,585.71
Expected credit losses (Loss allowance provision)		687.10	8,880.29
Carrying amount (net of impairment)		19,522.33	1,67,705.42

During the year, the Company has made provision for bad and doubtful debts for trade receivables wherein it does not expect to receive future cash flows ₹ 5,403.11 lakhs.

During the previous year, the Company had made write offs of trade receivables wherein it did not expect to receive future cash flows ₹ 2,652.10 lakhs.

During the year, the Company has made write offs of expenses recoverable wherein it does not expect to receive future cash flows ₹ Nil (March 31, 2018: ₹ 2,292.17 lakhs)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 2018

(a) Expected credit loss for Loans, Investments, Expenses Recoverables and Other Financial Assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,815.01	-	-	1,815.01
		Investments in debentures of subsidiary Company	VL1	12,470.04	-	-	12,470.04
		Expenses Recoverable	VL1	17,049.05	-	-	17,049.05
		Security deposits, advance to employees and others	VL1	289.42	-	-	289.42
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	VL6	1,425.12	100%	1,425.12	-

(b) Expected credit loss for Trade Receivables and due from Customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	Loss allowance measured at life-time expected credit losses	VL3	1,31,893.30	1,75,199.93
Expected credit losses (Loss allowance provision)			5,753.30	4,140.10
Carrying amount (net of impairment)			1,26,140.00	1,71,059.83

(iii) Reconciliation of loss allowance provisions - loans

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance as on March 31, 2018	-	-	1,425.12
Add (Less): Changes in loss allowances due to Assets originated or purchased	-	-	-
Write offs	-	-	-
Recoveries	-	-	-
Loss allowance as on March 31, 2019	-	-	1,425.12

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance as on March 31, 2017	-	-	1,425.12
Add (Less): Changes in loss allowances due to Assets originated or purchased	-	-	-
Write offs	-	-	-
Recoveries	-	-	-
Loss allowance as on March 31, 2018	-	-	1,425.12

(iv) Reconciliation of loss allowance provision - Trade Receivables & due from Customers (under simplified approach)

Particulars	Trade Receivables	Due from customers	Total loss allowance
Loss allowance as on April 01, 2017	5,239.78	11,791.86	17,031.65
Changes in loss allowance	(1,099.68)	(6,038.56)	(7,138.24)
Loss allowance as on March 31, 2018	4,140.10	5,753.30	9,893.40
Changes in loss allowance	4,740.19	(5,066.20)	(326.01)
Loss allowance as on March 31, 2019	8,880.29	687.10	9,567.39

Significant estimates and judgements

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, industry practices, existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities as below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturity of financial liability

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

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

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

Contractual maturities of financial liabilities (March 31, 2019)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings	1,88,284.48	-	11,110.96	1,99,395.44
Interest Accrued	2,491.70	-	-	2,491.70
Trade Payables	51,271.62	-	-	51,271.62
Capital Creditors	14.61	-	-	14.61
Employee Benefits payable	1,370.91	-	-	1,370.91
Lease Equalisation	-	-	438.71	438.71
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	336.37	-	-	336.37
Unpaid Dividends	9.50	-	-	9.50
Overdrawn current accounts	46.92	-	-	46.92
Others	325.38	-	-	325.38
Total non derivative financial liabilities	2,44,241.81	-	11,549.67	2,55,791.48

Contractual maturities of financial liabilities (March 31, 2018)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings	3,14,465.78	13,708.51	-	3,28,174.29
Interest Accrued	2,782.19	-	-	2,782.19
Trade Payables	84,696.68	-	-	84,696.68
Capital Creditors	30.44	-	-	30.44
Employee Benefits payable	2,504.04	-	-	2,504.04
Lease Equalisation	-	-	365.63	365.63
Security Deposits	90.54	-	-	90.54
Dividend Accrued on Preference Shares	-	224.25	-	224.25
Unpaid Dividends	11.76	-	-	11.76
Others	306.59	-	-	306.59
Total non derivative financial liabilities	4,04,888.03	13,932.76	365.63	4,19,186.42

(C) Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rupees). The risk is measured through the expected foreign currency cash flows based on the Company's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than "Rupees". The objective of the hedging is to minimize the volatility of the ₹ cash flows of such recognised assets and liabilities.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ Lakhs is as follow:

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial Assets						
Trade Receivables	-	393.60	-	-	406.48	-
Net exposure to foreign currency risk (assets)	-	393.60	-	-	406.48	-
Financial Liabilities						
Foreign Currency Loan (including interest)	651.67	-	-	1,146.25	-	-
Trade Payables	67.05	213.72	3.90	1,036.50	196.61	4.53
Payable to subsidiaries	1.98	-	-	0.53	35.89	-
Payable to others	-	-	-	-	1.47	-
Net exposure to foreign currency risk (liabilities)	720.70	213.72	3.90	2,183.28	233.97	4.53

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Company has committed to is USD NIL lakhs (March 31, 2018: USD 32.36 lakhs).

(b) Sensitivity:

Particulars	Increase/(Decrease) in profit before tax	
	March 31, 2019	March 31, 2018
USD sensitivity		
INR/USD -Increase by 5% (31 March 2017-5%)*	(33.82)	(109.16)
INR/USD -Decrease by 5% (31 March 2017-5%)*	33.82	109.16
EUR sensitivity		
INR/EUR-Increase by 5% (31 March 2017-5%)*	8.99	8.63
INR/EUR-Decrease by 5% (31 March 2017-5%)*	(8.99)	(8.63)
ZAR sensitivity		
INR/ZAR-Increase by 5% (31 March 2017-5%)*	(0.19)	(0.23)
INR/ZAR-Decrease by 5% (31 March 2017-5%)*	0.19	0.23

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During the year ended March 31, 2019 and March 31, 2018, the Company's borrowings at variable rate were mainly denominated in INR and USD.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(a) Interest rate risk exposure

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

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowing	1,81,538.99	1,96,617.13
Fixed rate borrowings*	17,856.45	1,31,557.16
Total borrowings	1,99,395.44	3,28,174.29

The Company has not entered into interest rate swaps to hedge against fluctuating market interest rates.

* Including interest free ICDs of ₹ 11,110.96 lakhs arising due to conversion of amount received from certain companies in to long term borrowings. Refer note no 41

(b) Sensitivity

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

Particulars	Increase/(Decrease) in profit before tax	
	March 31, 2019	March 31, 2018
Interest rates increase by 50 basis points (50 bps) *	(81.19)	(107.49)
Interest rates decrease by 50 basis points (50 bps) *	81.19	107.49

* Holding all other variables constant

25 FAIR VALUE MEASUREMENTS

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019, and March 31, 2018.

Particulars	March 31, 2019			March 31, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity Instruments	30.45	-	-	56.83	-	-
- Debentures	-	-	-	-	-	12,470.04
- Mutual Funds	66.17	-	-	262.20	-	-
Trade Receivables	-	-	1,67,705.42	-	-	1,71,059.83
Loans	-	-	1,487.40	-	-	1,815.01
Cash and Cash Equivalents	-	-	3,591.97	-	-	9,106.88
Other bank balances	-	-	4,355.77	-	-	2,517.23
Derivative Financial Assets	-	-	-	35.50	-	-
Security Deposits	-	-	256.57	-	-	234.58
Due from Customers	-	-	19,522.33	-	-	1,26,140.00
Deposits with Bank	-	-	2,490.09	-	-	186.40
Expenses Recoverable	-	-	14,461.21	-	-	17,049.05
Interest Receivable	-	-	-	-	-	748.43
Others	-	-	70.14	-	-	54.84
Total Financial Assets	96.62	-	2,13,940.90	354.53	-	3,41,382.29

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2019			March 31, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities						
Borrowings	-	-	1,99,395.44	-	-	3,28,174.29
Interest Accrued	-	-	2,491.70	-	-	2,782.19
Trade Payables	-	-	51,271.62	-	-	84,696.68
Overdrawn Current account	-	-	46.92	-	-	-
Capital Creditors	-	-	14.61	-	-	30.44
Employee Benefits payable	-	-	1,370.91	-	-	2,504.04
Lease equalisation	-	-	438.71	-	-	365.63
Security Deposits	-	-	90.29	-	-	90.54
Dividend Accrued on Preference Shares	-	-	336.37	-	-	224.25
Unpaid dividends	-	-	9.50	-	-	11.76
Others	-	-	325.38	-	-	306.59
Total Financial Liabilities	-	-	2,55,791.48	-	-	4,19,186.42

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Indian Accounting Standards. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial Assets				
Financial instruments at FVPL				
Listed equity investments	30.45	-	-	30.45
Mutual funds	-	66.17	-	66.17
Total Financial Assets	30.45	66.17	-	96.62
Financial liabilities				
Derivatives not designated as hedges				
Foreign exchange forward contract	-	-	-	-
Total Financial Liabilities	-	-	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Financial Assets				
Financial instruments at FVTPL				
Listed equity investments	56.83	-	-	56.83
Mutual funds	-	262.20	-	262.20
Derivatives not designated as hedges				
Foreign exchange forward contract	-	35.50	-	35.50
Total Financial Assets	56.83	297.70	-	354.53
Financial Liabilities				
Derivatives not designated as hedges				
Foreign exchange forward contract	-	-	-	-
Total Financial Liabilities	-	-	-	-

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

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

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

Particulars	March 31, 2019		March 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Debentures	-	-	12,470.04	12,470.04
Security Deposits	256.57	256.57	234.58	234.58
Due from Customers	19,522.33	19,522.33	1,26,140.00	1,26,140.00
Trade Receivables	1,67,705.42	1,67,705.42	1,71,059.83	1,71,059.83
Expenses Recoverable	14,461.21	14,461.21	17,049.05	17,049.05
Total Financial Assets	2,01,945.53	2,01,945.53	3,26,953.50	3,26,953.50
Financial Liabilities				
Borrowings	1,99,395.44	1,99,395.44	3,28,174.29	3,28,174.29
Total Financial Liabilities	1,99,395.44	1,99,395.44	3,28,174.29	3,28,174.29

Short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

The carrying amount of loans, advance to employees, cash and cash equivalents, other financial assets, trade payables, interest accrued, book overdraft in current accounts, capital creditors, employee benefits payable, security deposits, dividend accrued on preference shares, unpaid dividend and others are considered to be the same as their fair value, due to their short term nature.

Initial recognition of financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

26 RELATED PARTY TRANSACTIONS

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

- (i) McNally Sayaji Engineering Limited (MSEL)
- (ii) McNally Bharat Equipments Limited (MBEL)
- (iii) MBE Mineral Technologies Pte Limited
- (iv) MBE Minerals Zambia Limited
- (v) McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)
- (vi) Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. August 29, 2018)

(b) Joint Venture of the Company

- (i) EMC MBE Contracting Company LLC

(c) Entity having significant influence over the company

- (i) EMC Limited (ceased to have significant influence w.e.f. March 28, 2018)
- (ii) Williamson Magor & Co. Limited (ceased to have significant influence w.e.f. March 31, 2018)

(d) Subsidiaries of MBE Mineral Technologies Pte Limited

- (i) MBE EWB Technologies Kft (ceased to be subsidiary of MBE Mineral Technologies Pte Limited w.e.f. August 14, 2017)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (*Contd.*)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(e) Subsidiaries of McNally Sayaji Engineering Limited

- (i) MBE Coal & Minerals Technology India Private Limited

(f) Subsidiary of Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. August 29, 2018)

- (i) Christopher Estates Private Limited (ceased w.e.f. August 29, 2018)

(g) Associate of MBE Mineral Technologies Pte Limited

- (i) MBE Coal & Minerals Technologies GmbH

(h) Post employment benefit plan of the Company

- (i) McNally Bharat Executive Staff Gratuity Fund
- (ii) McNally Bharat Employees Provident Fund

(i) Key Management Personnel

- (i) Mr. Aditya Khaitan - Chairman
- (ii) Mr. Srinivash Singh - Managing Director
- (iii) Mr. Manoj Kumar Digga, Chief Financial Officer (Appointed w.e.f July 14, 2018)
- (iv) Mr. Indranil Mitra - Company Secretary
- (v) Ms. Arundhati Dhar - Independent Director
- (vi) Mr. A.K Barman - Independent Director
- (vii) Mr. Amritanshu Khaitan - Non-Executive Director (resigned w.e.f December 17, 2018)
- (viii) Mr. Prasanta Kumar Chandra - Whole-time Director & COO (resigned w.e.f. August 17, 2017)
- (ix) Mr. Prabir Ghosh- Whole-time Director (resigned w.e.f. August 17, 2017)
- (x) Mr. Lalit Khaitan - Chief Financial Officer (appointed w.e.f. April 01, 2017 and resigned w.e.f. March 31, 2018)
- (xi) Mr. P.H Ravikumar - Independent Director (resigned w.e.f. June 25, 2017)
- (xii) Mr. Manish Agarwal - Non-Executive Director (resigned w.e.f. September 07, 2017)
- (xiii) Mr. P.S. Bhattacharya - Independent Director (resigned w.e.f February 20, 2019)
- (xiv) Mr. V.K. Verma -Independent Director (resigned w.e.f April 23, 2019)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

26 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related parties

Description	MBE Coal & Mineral Technology India Private Limited	MBE Mineral Technologies Pte Limited	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	MBE EWB Technologies Kft	McNally Savaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Limited	Williamson Magor & Co. Limited	Vedica Sanjeevani Projects Pvt Limited ***
Purchase of Materials and components	365.47	-	-	-	-	2,276.76 (3,589.64)	-	-	-	-	-
Rendering of services	213.87	-	-	-	-	-	-	-	-	-	-
Sale of goods / contracts	-	-	-	-	-	(611.38)	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-
Reimbursed	-	(0.10)	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	-	48.00 (72.00)	-	-	-	-	-
Withholding Tax paid	-	-	-	-	-	-	-	-	-	-	-
Loan Given	-	(182.61)	-	-	-	-	-	-	-	-	-
Loan Taken	-	-	-	-	-	-	-	-	-	(246.93)	-
Dividend received	-	-	-	-	-	-	-	-	-	(35,989.00)	-
Advance Refund	-	(2,111.64)	-	-	-	-	-	-	-	-	-
Loans repaid	-	(6,956.98)	-	-	-	-	-	-	-	-	-
Guarantee given	-	-	-	-	-	-	-	-	-	(35,869.00)	-
Guarantee Charges received	(40.59) 3.18 (0.84)	-	-	-	-	-	-	-	-	-	-
Advance given	-	-	-	-	-	-	-	-	-	-	-
Provision for impairment in value of investments	-	2,550.74	152.31	-	-	-	-	-	-	-	(244.67)
Interest received on loan	-	-	-	-	-	-	-	-	-	-	113.08 (254.67)

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Description	MBE Coal & Mineral Technology India Private Limited	MBE Mineral Technologies Pte Ltd.	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	MBE EWB Technologies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Limited	Williamson Magor & Co. Limited	Vedica Sanjeevani Projects Pvt Limited ***
Impairment in value of advances	-	-	67.06	-	-	-	-	-	-	-	-
Expenses incurred during the year	0.72 (0.13)	-	-	-	-	-	-	-	-	-	-
Rental income earned during the year	-	-	-	-	-	18.00 (24.00)	-	-	-	-	-
Interest Paid	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(2,011.75)	-

Balances Outstanding as at March 31, 2018

Description	MBE Coal & Mineral Technology India Pvt.Ltd	MBE Mineral Technologies Pte Ltd.	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	MBE EWB Technologies Kft	McNally Sayaji Engineering Limited	McNally Bharat Equipments Limited	MBE Minerals Zambia Limited	McNally Bharat Engg. (S.A.) Proprietary Ltd.	Williamson Magor & Co. Ltd. *	Vedica Sanjeevani Projects Pvt Ltd **
Investment at the year end	-	2,550.74 (2,550.74)	152.31 (152.31)	-	-	17,923.73 (18,043.11)	9.94 (9.94)	4.69 (4.69)	0.13 (0.13)	-	- (27,470.04)
Provision for impairment in value of investments	-	2,550.74	152.31	-	-	-	-	4.69 (4.69)	0.13 (0.13)	-	-
Guarantees received	-	-	-	-	-	5,950.00 *	-	-	-	-	-
Guarantees given	2,890.59 (2,890.59)	-	-	-	-	(5,950.00)	-	-	-	-	-
Outstanding payables	110.56 (22.73)	1.98 (2.31)	-	1.43 (1.47)	-	5,000.00 (5,000.00)	-	-	-	-	-
Outstanding Receivables	416.06 (337.11)	-	67.06 (62.94)	-	-	2,525.67 (1,797.28)	-	1,385.04 (1,385.04)	40.08 (40.08)	-	1,768.49 (491.60)
Allowance for doubtful receivables	-	-	67.06	-	-	-	-	1,385.04 (1,385.04)	40.08 (40.08)	-	-

Brackets indicate figures for previous year

*The amount outstanding as at March 31, 2019 and March 31, 2018 with respect to Williamson Magor & Co. Limited have not been disclosed as it ceased to be a related party w.e.f March 31, 2018. Transactions upto the date of cessation have been disclosed.

** The amount outstanding as at March 31, 2019 with respect to Vedica Sanjeevani Projects Private Limited have not been disclosed as it ceased to be a related party w.e.f August 29, 2018. Transactions upto the date of cessation have been disclosed.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Transactions with Key Managerial Personnel	2018-19			2017-18		
	Remu- neration	Sitting fees	Outstanding Balance payable as at year end	Remu- neration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	220.09	-	11.29	220.03	-	11.98
Mr. Manoj Kumar Digga	109.48	-	9.29	-	-	-
Mr. Prasanta Kumar Chandra	-	-	27.25	67.17	-	27.25
Mr. Prabir Ghosh	-	-	16.26	47.05	-	16.26
Mr. Lalit Khaitan	-	-	-	79.00	-	4.23
Mr. Indranil Mitra	28.00	-	1.59	26.23	-	1.82
Mr. Aditya Khaitan	-	1.20	-	-	0.80	-
Mr. Amritanshu Khaitan	-	0.40	-	-	1.00	-
Mr. V.K. Verma	-	1.60	-	-	1.20	-
Mr. P.H Ravikumar	-	-	-	-	0.20	-
Ms. Arundhati Dhar	-	3.60	-	-	2.20	-
Mr. Manish Agarwal	-	-	-	-	0.40	-
Mr. A.K Barman	-	3.00	-	-	2.20	-
Mr. P.S. Bhattacharya	-	1.00	-	-	0.60	-

Remuneration includes	2018-19		2017-18	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. Srinivash Singh	220.09	-	220.03	-
Mr. Manoj Kumar Digga	104.61	4.87	-	-
Mr. Prasanta Kumar Chandra	-	-	64.81	2.36
Mr. Prabir Ghosh	-	-	44.69	2.36
Mr. Lalit Khaitan	-	-	75.75	3.25
Mr. Indranil Mitra	26.79	1.21	25.16	1.07

Note:

This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.

Details of contribution to post employment benefit plans

Remuneration includes	2018-19	2017-18
McNally Bharat Executive Staff Gratuity Fund	80.09	221.17
McNally Bharat Employees Provident Fund	324.47	338.13

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

27 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follow:

Particulars	March 31, 2019	March 31, 2018
Property, plant and equipment	11.57	12.05

29 NON-CANCELLABLE OPERATING LEASES

The Company has entered into non-cancellable operating leases for various office premises. These leases have varying terms, escalation clauses and renewal rights.

Particulars	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follow:		
Within one year	440.28	427.00
Later than one year but not later than five years	183.45	183.45

Rental expense relating to operating leases

Particulars	March 31, 2019	March 31, 2018
Total rent expense relating to operating leases	1,013.90	1,090.00

29 CONTINGENT LIABILITIES

The details of contingent liabilities are as under:

Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the company not acknowledged as debt	35,038.12	9,069.00
Other money for which the Company is contingently liable:		
Indirect tax matters relating to excise duty, service tax, sales tax	26,605.90	11,106.09
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed.	21.42	533.27
Corporate guarantees given in favour of subsidiary companies*	7,890.59	7,890.59
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:

Particulars	As at March 31, 2019	As at March 31, 2018
MBE Coal & Mineral India Private Limited (Banking Facility)	2,890.59	2,890.59
McNally Sayaji Engineering Limited (ECB & Rupee Term Loan)	5,000.00	5,000.00
Total	7,890.59	7,890.59

It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters above pending resolution of the arbitration/appellate proceedings.



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

The banks have issued guarantees on behalf of the Company to various parties for performance, security and earnest money deposit aggregating to ₹ 89,102.87 lakhs as on March 31, 2019 (₹ 190,417.00 lakhs as on March 31, 2018) for which the Company is contingently liable for payment not included above.

Tata Capital Financial Services Limited (TCFSL) has preferred commercial arbitration petition during the year demanding redemption of Non-convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of ₹ 2,831.63 Lakhs along with 100% liquidation damages which is disputed by the Company. The Arbitrator is yet to issue directions in the matter.

During the year, the Director General of GST Intelligence (DGGI) Kolkata had conducted investigation at the Corporate Office of the Company and denied Input Tax Credit of ₹ 945.04 Lakhs availed by the Company. Pending adjudication of the matter, the Company has included the Input Tax Credit in Note- 10 under Balance with Statutory/Government authorities.

30 DUES TO MICRO AND SMALL ENTERPRISES

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	March 31, 2019	March 31, 2018
Principal amount due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	507.38	177.76
Interest due to suppliers registered under the MSMED Act, 2006 and remaining unpaid as at year end	149.49	74.11
Principal amounts paid to suppliers registered under the MSMED Act, 2006, beyond the appointed day during the year	1,014.65	2,660.74

31 EXCESS REMUNERATION PAID TO KEY MANAGEMENT PERSONNEL

- (A) Waiver of recovery of excess managerial remuneration amounting to ₹ 220.09 Lakhs (Previous year ₹ 220.03 Lakhs) paid/payable to the Managing Director for which the Company is in the process of obtaining approval from the banks to whom default in repayment of dues was made and from the shareholders of the Company in terms of section 197(17) of the Companies Act, 2013.
- (B) Excess managerial remuneration paid for which the Company has decided to recover the excess remuneration paid / payable amounting to ₹ 40.82 to erstwhile one whole time director for the financial year ended March 31, 2018, superseding its earlier decision and approval of Shareholders of the Company for wavier. The Company would initiate steps for necessary approval for recovery of such amount.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

32 DISCLOSURE FOR CONSTRUCTION CONTRACTS

The details as required in respect of construction contracts under Ind AS 11-Construction Contracts is as under:

Particulars	March 31, 2019	March 31, 2018
Contract costs incurred	17,33,034.96	16,11,734.85
Add : Recognised profit net of recognised (losses)	(34,380.00)	(2,746.61)
Contract Revenues*	16,98,654.96	16,08,988.24
Progress Billing	15,88,076.69	14,80,945.88
Unbilled Revenue (Net)#	9,353.91	1,28,042.36
Due from Customers	20,989.37	1,32,699.32
Less: Allowance for doubtful amount	509.95	5,864.79
Less: Provision for future foreseeable losses	957.09	694.53
Net Due from Customers	19,522.33	1,26,140.00
Due to Customers	(11,635.46)	(4,656.96)
Add: Provision for future foreseeable losses	15.53	4.48
Net Due to Customers	(11,619.93)	(4,652.48)
Advance payments received	20,696.49	52,945.35
Retention amount	62,106.98	70,637.95
Provision for future foreseeable losses recognised	972.62	699.01

Sale of equipments and contract revenue in respect of construction contracts 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.

The Company has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

The Company has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

* The Company has adopted Ind AS 115 "Revenue from contract with customers" using the modified retrospective approach resulting in a transition impact of ₹ 212.27 Lakhs on revenue which has been disclosed under Note 11(b)(iv).

After adjustment of amount received from assignment of unbilled revenue to certain companies amounting to ₹ 101,224.56 lakhs in the normal course of business.

33 EARNINGS PER SHARE

Particulars	March 31, 2019	March 31, 2018
(a) Basic earnings per share		
Profits/(Losses) attributable to the equity holders of the company	(46,705.16)	(42,645.98)
Total basic earnings per share attributable to the equity holders of the company	(21.97)	(30.17)
(b) Diluted earnings per share		
Profits/(Losses) attributable to the equity holders of the company	(46,705.16)	(42,645.98)
Total diluted earnings per share attributable to the equity holders of the company	(21.97)	(30.17)



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(c) Weighted average numbers of shares used as denominator

Particulars	March 31, 2019 Number of shares	March 31, 2018 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	21,25,70,757	14,13,35,283
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	21,25,70,757	14,13,35,283

34 SEGMENT INFORMATION

The Company is primarily engaged in the business of construction and there are no reportable geographical segments since all business is within India. Hence, no separate disclosure has been made for segment reporting under Ind AS 108.

The company has earned its substantial revenue in 2018-19 and 2017-18 from India.

35 ASSETS PLEDGED AS SECURITY

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

Particulars	Notes	March 31, 2019	March 31, 2018
Current			
Financial Assets			
Trade Receivables	6(a)	1,67,705.42	1,71,059.83
Cash and Cash Equivalents	6(c)	3,591.97	9,106.88
Other Financial Assets	6(d)	34,302.84	1,44,246.43
Loans	6(b)	1,487.40	1,815.01
Non-financial Assets			
Inventories	9	7,314.90	8,974.02
Other Current Assets	10(a)	41,524.29	38,075.56
Total current assets pledged as security		2,55,926.82	3,73,277.73
Non-current			
Property, Plant and Equipment	3	4,106.82	5,157.14
Capital work in progress	3	462.48	462.48
Investments	5	15,197.15	17,227.35
Total non-currents assets pledged as security		19,766.45	22,846.96
Total assets pledged as security		2,75,693.27	3,96,124.69

Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Refer Note 12(a) and 12(b) for details of assets charged as security.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Investments in Mutual Funds relating to ₹ 66.17 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid during the year, however lien against the investment pledged has not been satisfied till date. The Company is in the process of filling litigation against L&T Finance Limited for the same.

The Company has pledged its investment to the extent of 1,600,000 equity shares of McNally Sayaji Engineering Company Limited as security against loans taken by the Company.

The Company has pledged its investment to the extent of 2,337,211 equity shares of McNally Sayaji Engineering Company Limited as security against loan taken by its subsidiary Company namely McNally Sayaji Engineering Limited.

The Company has executed a non-disposal undertaking and a first ranking pledge agreement over 6,331,487 equity shares of McNally Sayaji Engineering Company Limited to ensure a security cover of an amount equivalent to ₹ 6,682 Lakhs.

36 CURRENT ASSETS/LIABILITIES RECOVERABLE/PAYABLE WITHIN AND BEYOND 12 MONTHS

Particulars	March 31, 2019			March 31, 2018		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Trade Receivables	1,10,534.74	57,170.68	1,67,705.42	99,371.43	71,688.40	1,71,059.83
Other Financial Assets	34,302.84	-	34,302.84	1,44,246.43	-	1,44,246.43
Other Current Assets	41,524.29	-	41,524.29	38,075.56	-	38,075.56
Trade Payables	51,271.62	-	51,271.62	84,696.68	-	-
Other Financial Liabilities	10,315.46	-	10,315.46	28,312.49	-	28,312.49
Other Current Liabilities	32,927.64	-	32,927.64	60,165.71	-	60,165.71

37 DETAILS OF LOANS GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

Particulars	March 31, 2019	March 31, 2018
MBE Minerals Zambia Limited*	1,385.04	1,385.04
McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. 30.06.2017)*	40.08	40.08
Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. 29.08.2018)	1,415.91	246.93
McNally Bharat Infrastructure Limited	71.49	1,568.08
Total	2,912.52	3,240.13

*Allowance for doubtful loan receivables recognised

d) Weighted average numbers of shares used as denominator

Particulars	March 31, 2019	March 31, 2018
Loan given to Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f 29 August, 2018)	1,168.98	246.93

All the above loans have been given for business purpose.



Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

38

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal, Kolkata on September 01, 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, 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. April 01, 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.

39

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. 1,517 lakhs towards receivable and Rs. 1,133 lakhs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of Rs. 7,334 lakhs including an additional claim on consequential losses as per guidelines of "Federation Internationale Des Ingenieurs-Conseils" (FIDIC). Arbitral Board in their meeting held on October 25, 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 ₹ 3,535 Lakhs 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.

40

The Company's financial performance have been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Company's control due to which the Company has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Company has submitted its resolution plan to its lenders who are actively considering the resolution process outside the National Company Law Tribunal. The Company has initiated various processes as specified under the Reserve of Bank of India's guidelines and most of these processes have already been completed including scenario based rating by CRISIL, external credit rating agency. On the basis of these developments, the Company is hopeful that the restructuring proposal of the Company will be approved shortly. Additionally, the Company is taking various measures, including cost cutting, which shall improve its operational efficiencies. The Management is confident that with the lenders support on the Resolution, and various other measures, the Company will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence, financial statements have been prepared on going concern basis.

Notes to Standalone Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

41

During the year ended March 31, 2019 in the course of ongoing restructuring process with the lenders, the Company has deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 Lakhs, into interest free long term loans /ICDs, repayable in five equated annual instalments commencing after the payment of lender obligation. Fair valuation gain of Rs. 87,482.00 Lakhs arising out of aforesaid transaction has been considered as part of "Other Reserves" (Note 11(b)) and Rs. 11,110.96 Lakhs has been considered as "Long term borrowings" (Note 12(a)).

42

The Company has completed certain long term contracts for projects whose receivables amounting to Rs. 8,785.37 lakhs are outstanding for more than two years which are considered good by the management. Further certain customers have invoked the guarantees of Rs. 14,461.21 lakhs given by the banks on behalf of the Company for alleged performance default events which are disputed and are being contested by the Company. The management of the Company is hopeful to realise the same in due course of time.

43

There are no significant subsequent events that would require adjustments or disclosures in the Financial Statements as on the Balance Sheet date.

44

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

The above Standalone Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 44.

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

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number:

117366W/W-100018

A. Bhattacharya

Partner

Membership Number: 054110

Kolkata, 30th May, 2019

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

V. K. Singhi

Partner

Membership Number: 050051

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan

(Chairman)

DIN No.: 00023788

Manoj Kumar Digga

(Chief Financial Officer)

Srinivash Singh

(Managing Director)

DIN No.: 00789624

Indranil Mitra

(Company Secretary)



Consolidated Financial Statements

Independent Auditor's Report

To The Members of McNally Bharat Engineering Company Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying consolidated financial statements of **McNally Bharat Engineering Company Limited** ("the Parent") and its subsidiaries, (the Parent Company and its Subsidiaries together referred to as "the Group") and its Joint Venture, which comprise the Consolidated Balance Sheet as at 31st March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as "the Consolidated Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the Subsidiaries and unaudited financial statements of overseas Subsidiaries and Joint Venture referred to in the Other Matters section below, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the aforesaid Consolidated Financial Statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Joint Venture as at 31st March 2019, its consolidated loss including other comprehensive income, its consolidated cash flows and its consolidated changes in equity for the year ended on that date.

Basis for Adverse Opinion

(a) The Group has recognised deferred tax assets aggregating to Rs. 57,940.49 Lakhs as at 31st March, 2019. Considering the material uncertainty related to going concern that exists in the Group, the threshold of reasonable certainty for recognising the deferred tax assets as per Ind AS 12- Income Taxes has not been met. Consequently, deferred tax assets is overstated and losses for the year is understated by Rs.57,940.49 Lakhs and accumulated deficit is understated by Rs. 57,940.49 Lakhs.

(b) We draw attention to note no 44 to the Consolidated Financial Statements which relates to the recognition of Fair Value Gain by the Parent amounting to Rs. 87,482.00 Lakhs in Other Equity on deferment of payment of amounts received from certain Companies on conversion of those amounts into interest free long term loans. We are unable to obtain sufficient and appropriate audit evidence to substantiate the contractual validity of the transaction and the accounting treatment in the Consolidated Financial Statements.

Further interest expense during the year on the aforementioned amounts up to the date of conversion aggregating to Rs. 9,216.88 lakhs has not been recognised in the Consolidated Statement of Profit and Loss.

(c) Trade Receivables and Other Financial Assets of parent includes certain old balances related to completed projects amounting to Rs. 8,785.37 lakhs which are outstanding for more than two years and are unconfirmed and claims recoverable [representing bank guarantees invoked by customers] amounting to Rs. 14,461.21 lakhs resulting from alleged performance default events and hence doubtful of recovery. We are unable to comment upon the recoverability of these balances.

(d) During the year, the Group has provided for impairment in value of investments amounting to Rs. 1,559.73 lakhs and provision for doubtful debts amounting to Rs. 1,430.15 lakhs relating to one of the wholly owned subsidiaries, consolidated in the Financial Statements based on the management certified financial information referred under para (b) of Other Matter Paragraph. The matter related to provision for doubtful debts was also qualified in our report for the financial year ended 31st March, 2018. Management has not considered this as an adjustment to the opening balance and restated the comparative figures for the year ended 31st March, 2018 which is not in accordance with the requirement of IND AS 8 on Accounting Policies, Changes in Accounting Estimates and Errors.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance



Independent Auditor's Report

with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our adverse audit opinion on the Consolidated Financial Statements.

Material Uncertainty related to Going Concern

We draw attention to note 33 to the Consolidated Financial Statements, wherein the Group has incurred net loss of Rs. 78,320.36 lakhs during the year ended 31st March, 2019, current liabilities exceed current assets by Rs. 46,052.17 lakhs as on 31st March, 2019. During the year ended 31st March, 2019, the Parent Company and one of its subsidiary was unable to discharge its obligations for repayment of loans and settlement of other financial and non-financial liabilities including statutory liabilities. The Parent Company and one of its Subsidiary Company's management is currently in discussion with the lenders for carrying out a debt restructuring proposal. These events and conditions indicate a material uncertainty which cast a significant doubt on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The ability of the Group to continue as a going concern is solely dependent on the acceptance of the debt restructuring proposal, which is not wholly within the control of the Group.

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

Our opinion is not modified in respect of this matter

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
1	<p>Estimated Cost to complete the Project: (Refer Note 1(e)(iii) to the Consolidated Financial Statements)</p> <p>The Parent recognises revenue under percentage of completion method as specified under Indian Accounting Standard (IND AS)-115 –Revenue from contract with customers. Recognition of revenue requires estimation of total contract cost which comprises of the actual cost incurred till date and estimated cost further to be incurred to complete the projects. Estimation of the cost to complete involves exercise of significant judgement by management including assessment of technical data and hence identified as Key Audit Matter.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Tested the design, implementation and operating effectiveness of the controls surrounding determination and approval of estimated cost. 2. Verified the contracts with customers on test check basis including the actual cost incurred and terms and conditions related to the variation of the cost. 3. Discussed with the project management teams for certain selected projects to assess the reasonableness of the estimated cost to be incurred for completing the respective projects. 4. Obtained and relied on the independent chartered engineer certificate for supporting the accuracy of the estimate of the total cost of the project for selected contracts on test check basis. 5. Evaluated the competencies, capabilities and objectivity of the independent chartered engineers.

Independent Auditor's Report

Sr. No.	Key Audit Matters	Auditors' Response to Key Audit Matters
2	<p>Provisions and Contingent Liabilities: (Refer Note 1(u) to the Consolidated Financial Statements)</p> <p>The Parent is involved in various taxes and other disputes for which final outcomes cannot be easily predicted and which could potentially result in significant liabilities. The assessment of the risks associated with the litigations is based on complex assumptions, which require the use of judgements and such judgements relates, primarily, to the assessment of the uncertainties connected to the prediction of the outcome of the proceedings and to the adequacy of the disclosures in the Consolidated Financial Statements. Because of the judgement required, the materiality of such litigations and the complexity of the assessment process, the area is a key matter for our audit.</p>	<p>Our audit approach was combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> 1. Assessing the appropriateness of the design and implementation of the Parent's controls over the assessment of litigations and completeness of disclosures. 2. Testing the supporting documentation for the positions taken by the management, conducting meetings with in-house legal counsel and/or legal team and reviewing the minutes of Board and sub-committee, to confirm the operating effectiveness of these controls. 3. Assessment of assumptions used in the evaluation of potential risk and tax risks performed by the legal and tax department of the Parent considering the legal precedence and other rulings in similar cases. 4. Involving our direct and indirect tax specialists to assess relevant historical and recent judgements passed by the appropriate authorities in order to challenge the basis used for the accounting treatment and resulting disclosures.

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

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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



Independent Auditor's Report

alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent and its Subsidiary Companies has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

identify during our audit.

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

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

Other Matters

- a) The Consolidated Financial Statements includes the intermediate consolidated financial statement of one subsidiary, whose financial statements reflect total assets of Rs. 45,690.48 Lakhs as at 31st March, 2019, total revenues of Rs. 24,581.43 Lakhs, total net loss after tax of Rs. 3,776.38 Lakhs and other comprehensive loss of Rs. 88.66 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements whose financial statements have been audited by only one of the Joint Statutory Auditors i.e. Deloitte Haskins & Sells LLP, Chartered Accountants. The opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures in respect of the intermediate consolidated financial statement of this subsidiary, is based solely on the report of the said Joint Auditor.

The opinion on the Consolidated Financial Statements is not modified in respect of the above matter with respect to our reliance on the work done and the report of the said Joint Auditor.

- b) We did not audit the financial statements of one subsidiary included in the Consolidated Financial Statements, whose financial statements reflect total assets of Rs. 7.95 Lakhs as at 31st March, 2019, total revenues of Rs. Nil, total net loss after tax of Rs. 0.74 Lakhs and total comprehensive loss of Rs. Nil for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of the other auditor.

The opinion on the Consolidated Financial Statements is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditor.

- c) We did not audit the financial information of three Subsidiaries and a Joint Venture, whose financial information reflect total assets of Rs. 21,711.23 Lakhs as at 31st March, 2019 and total revenues of Rs. Nil, total net loss after tax of Rs. 3,457.02 Lakhs and total comprehensive loss of Rs. Nil for the year ended 31st March, 2019, as considered in the Consolidated Financial Statements, whose financial information have not been audited. These financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture 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.

These Subsidiaries and Joint Venture are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted the financial statements of such subsidiaries/joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by Company's management. Our opinion in so far as it relates to balances and affairs of such subsidiaries/joint venture located outside India is based on the conversion adjustments prepared by the management of the Company.

The opinion on the Consolidated Financial Statements is not modified in respect of the above matter with respect to our reliance on the work done and the financial information of overseas Subsidiaries and Joint Venture certified by the Management.



Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements and other financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements.
- b) except for the possible effects of the matters described in the Basis for Adverse Opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) considering the significance of the matters discussed in the Basis for Adverse Opinion section above, in our opinion the Consolidated Financial Statements do not comply with the Ind AS specified under Section 133 of the Act.
- e) in our opinion effect of the matter(s) described in the Basis for Adverse Opinion, may have an adverse effect on the functioning of the Group.
- f) on the basis of the written representations received from the directors of the Parent as on 31st March, 2019 and taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India, is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act except one director in a subsidiary company.
- g) the adverse remarks relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section above.
- h) with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an adverse opinion on the operating effectiveness of internal financial controls over financial reporting of the Group, for the reasons stated therein.
- i) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Parent Company to its directors during the year is in excess of the limits laid down under section 197 of the Act.

We draw attention to the Note 34(a) of the Consolidated Financial Statements regarding waiver of recovery of excess managerial remuneration amounting to Rs. 220.09 lakhs (Rs. 220.03 lakhs for the year ended 31st March, 2018) paid/payable to the Managing Director for which the Parent company is in the process of obtaining approval from the banks to whom default in repayment of dues was made and from the shareholders of the Parent company in terms of section 197(17) of the Act. Pending approval from the banks and shareholders of the Parent Company, we are unable to comment on the consequential effects of the matter on this Consolidated Financial Statements.

This matter was also qualified by us in the report for the financial year ended 31st March, 2018.

- j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the Other Matter Paragraph:
 - i) except for the possible effect of the matters discussed in the Basis for Adverse Opinion section above, the Group has disclosed the impact of pending litigations on the consolidated financial position of the Group (Refer Note-31 to the Consolidated Financial Statements).

Independent Auditor's Report

- ii) the Group has made provision in this 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;
- iii) there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number:

117366W/W-100018

A. Bhattacharya

Partner

Membership Number: 054110

Kolkata, 30th May, 2019

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

V. K. Singhi

Partner

Membership Number: 050051



Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of **McNally Bharat Engineering Company Limited** ("the Parent") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on internal financial controls over financial reporting of the Parent and its subsidiary companies, which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained 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 adverse audit opinion on the internal financial controls system over financial reporting of the the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

Annexure "A" to the Independent Auditor's Report

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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at 31st March, 2019 with respect to the Group not establishing an internal control framework relating to all components of internal control and consequently controls have not been designed to evaluate appropriateness of the carrying amount of deferred tax asset, Impairment of trade receivable and other financial assets, recognition of gain on fair valuation of financial liabilities, payment of excess managerial remuneration for which the Parent Company is in the process of obtaining approval from the banks and from shareholders, besides adjustment of balances and restatement of the comparative figures in respect to impairment in value of investments and provision for doubtful debts in respect to one of its wholly owned subsidiaries.

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

Adverse Opinion

In our opinion and, to the best of our information and according to the explanations given to us, because of the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Group has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31st March, 2019, based on the criteria for internal control established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Financial Statements of the Group for the year ended 31st March, 2019, and these material weaknesses have affected our opinion on the said Consolidated Financial Statements of the Group and we have issued an adverse opinion on the Consolidated Financial Statements of the Group.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the other auditor/joint auditor of such companies incorporated in India.

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

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number:

117366W/W-100018

A. Bhattacharya

Partner

Membership Number: 054110

Kolkata, 30th May, 2019

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

V. K. Singhi

Partner

Membership Number: 050051



Consolidated Balance Sheet

as at March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	17,736.21	19,989.78
Capital Work-in-progress		503.51	479.48
Investment Property		364.42	378.00
Goodwill	4	1,162.64	15,520.01
Other Intangible Assets	4	51.06	85.18
Investment accounted for using equity method		-	1,286.95
Financial assets			
i. Investments	5	96.62	319.01
ii. Trade receivables	6(a)	1,583.23	1,766.00
iii. Other financial assets	6(d)	2,973.81	1,089.39
Deferred tax assets (net)	7	57,940.49	56,807.60
Other non-current assets	8	27.78	235.06
Total non-current assets		82,439.77	97,956.46
Current assets			
Inventories	9	18,096.60	41,755.62
Financial assets			
i. Trade receivables	6(a)	1,74,056.57	1,79,740.84
ii. Cash and cash equivalents	6(c)	4,167.94	9,844.42
iii. Bank Balances other than (ii) above	6(c)	4,627.28	2,669.23
iv. Loans	6(b)	1,362.85	1,715.34
v. Other financial assets	6(d)	34,974.05	1,46,722.71
Current tax assets (net)	10(b)	5,963.30	11,830.80
Other current assets	10(a)	40,905.21	41,119.55
Total current assets		2,84,153.80	4,35,398.51
Total assets		3,66,593.57	5,33,354.97
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	17,215.18	15,804.46
Other equity			
Compulsorily Convertible Preference Shares	11(a)	3,941.90	5,352.62
Money received against Share Warrants		100.00	100.00
Reserves and Surplus	11(b)	-4,227.50	-12,668.11
Equity attributable to owners of the Holding Company		17,029.58	8,588.97
Non-controlling Interest		2,025.02	3,196.04
Total Equity		19,054.60	11,785.02
LIABILITIES			
Non-current liabilities			
Financial liabilities			
i. Borrowings	12(a)	15,682.51	6,807.20
ii. Trade payables	12(d)	-	-
- Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		3.40	19.00
iii. Other financial liabilities	12(c)	438.71	365.63
Other non-current liabilities	15	321.43	368.00
Provisions	13	886.95	899.33
Total non-current liabilities		17,333.00	8,459.16
Current liabilities			
Financial liabilities			
i. Borrowings	12(b)	2,10,637.86	3,20,241.47
ii. Trade payables	12(d)	-	-
- Total outstanding dues of Micro Enterprises and Small Enterprises		528.52	301.76
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		56,178.10	95,135.36
iii. Other financial liabilities	12(c)	13,272.59	32,143.84
Other current liabilities	15	48,949.20	64,672.84
Provisions	13	639.70	615.36
Current tax liabilities	14	-	0.17
Total current liabilities		3,30,205.97	5,13,110.79
Total liabilities		3,47,538.97	5,21,569.96
Total equity and liabilities		3,66,593.57	5,33,354.97
Significant Accounting Policies	1-2		

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 47.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
V. K. Singhi
Partner
Membership Number: 050051

For **McNally Bharat Engineering Company Limited**
Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Manoj Kumar Digga
(Chief Financial Officer)

Indranil Mitra
(Company Secretary)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	16	1,74,141.34	1,68,787.05
Other income	17(a) & (b)	15,808.58	15,259.92
Total income		1,89,949.92	1,84,046.97
Expenses			
Cost of materials consumed	18(a)	1,18,242.04	95,407.62
Purchases of stock-in-trade		2,406.36	2,530.00
Changes in inventories of work-in-progress and finished goods	18(b)	1,182.85	(5,978.99)
Outsourcing expenses to job workers		41,200.06	45,007.10
Excise Duty		-	538.29
Employee Benefits Expense	19	13,150.36	13,496.61
Finance Costs	22	40,607.16	55,545.28
Depreciation and Amortisation Expense	20	2,321.69	3,103.98
Other Expenses	21	48,416.14	35,637.31
Total expenses		2,67,526.67	2,45,287.20
Profit/(Loss) before share of net loss of investments accounted for using equity method and tax		(77,576.75)	(61,240.23)
Share of net loss of associate and joint venture accounted for using the equity method	33	-	(437.64)
Profit/(Loss) before Exceptional Items and Tax		(77,576.75)	(61,677.87)
Exceptional Items		2,591.00	-
Profit/(Loss) before tax		(80,167.75)	(61,677.87)
Income tax expense	23		
- Current tax		-	-
- Deferred tax		(1,102.10)	(14,656.09)
Total tax expense		(1,102.10)	(14,656.09)
Profit/(Loss) for the year		(79,065.64)	(47,021.78)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>	12		
Remeasurements of post-employment defined benefit obligations		(224.77)	(40.06)
Income tax relating to these items		30.79	(19.00)
Other comprehensive income for the year		(193.98)	(59.06)
Total comprehensive income for the year		(79,259.62)	(47,080.84)
Profit is attributable to:			
Owners of the Holding Company		(78,337.63)	(46,095.20)
Non-Controlling Interest		(728.01)	(926.58)
		(79,065.64)	(47,021.78)
Other Comprehensive income is attributable to:			
Owners of the Holding Company		(176.70)	(69.63)
Non Controlling Interest		(17.27)	10.57
		(193.98)	(59.06)
Total Comprehensive income is attributable to:			
Owners of the Holding Company		(78,514.34)	(46,164.82)
Non-Controlling interest		(745.28)	(916.01)
		(79,259.62)	(47,080.84)
Earning per share (EPS) for the period (Face value of ₹ 10/- per share):			
Basic (₹)	37	(36.94)	(31.81)
Diluted (₹)	37	(36.94)	(31.81)
Significant Accounting Policies	1-2		

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 47.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner

Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E

V. K. Singhi
Partner
Membership Number: 050051

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Manoj Kumar Digga
(Chief Financial Officer)

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Indranil Mitra
(Company Secretary)

Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before income tax	(80,167.74)	(61,677.87)
Adjustments for:		
Depreciation	2,321.69	3,103.98
Finance Cost	40,607.16	55,545.28
Interest Income	(2,441.10)	(5,639.71)
Dividend Income	(0.22)	(0.03)
Loss/(Profit) on Disposal of Fixed Assets (Net)	3.75	(2.00)
Loss/(Profit) on Sale of Investments	(21.54)	(1,201.27)
Bad Debts Written Off	271.44	1,435.79
Provision for Bad & Doubtful Debts	7,390.50	-
Expected credit loss provided for/(written back)	(5,729.12)	(7,138.23)
Loss on Change of Ownership	17,632.03	-
Provision for Impairment of loan	1,688.25	1,585.20
Liability no longer required written back	(785.00)	(443.00)
Provision for doubtful advances	67.06	-
Provision for Future Foreseeable Losses in Construction Contracts	273.62	(549.61)
Provision for warranty	(2.00)	-
Unrealised (gain)/ loss on Foreign Currency Translation (Net)	399.60	(120.36)
Share of losses on associates and joint ventures	-	437.64
(Gain)/loss on fair valuation of derivative contracts	35.50	168.10
Net (gain)/loss on financial assets measured at fair value through profit or loss	33.17	(24.93)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade receivables	(5,231.62)	6,267.91
(Increase)/Decrease in inventories	5,260.26	(8,020.41)
Increase/(Decrease) in trade payables	(37,659.50)	(45,030.53)
(Increase)/Decrease in other financial assets	1,17,675.03	10,522.09
(Increase)/decrease in other non-current assets	207.57	(37.84)
(Increase)/decrease in other current assets	(3,451.89)	22,592.17
Increase/(decrease) in provisions	(46.74)	(637.10)
Increase/ (decrease) in other financial liabilities	(1,059.02)	(873.51)
Increase/ (decrease) in other liabilities	(27,257.01)	(741.59)
Cash generated from operations		
Income taxes paid	5,867.96	145.02
Net cash Outflow from operating activities	35,882.08	(30,334.82)
Cash flows from investing activities		
Payment for purchase of investments	-	(55.57)
Proceeds from sale of investments	39,170.91	1,703.71
Adjustment for losses in associates and joint ventures	-	(319.18)
Loans given during the year	(1,361.25)	1,220.84
Deposits matured/(made) during the year	(1,840.89)	(387.83)
Purchase of property, plant and equipment	(103.29)	(558.22)
Proceeds from sale of property, plant and equipment	21.53	20.67
Dividends received	0.22	0.03
Interest received	3,154.29	4,890.25
Net cash inflow / (outflow) from investing activities	39,041.53	6,514.70

Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from financing activities		
Proceeds from issues of shares	-	39,382.99
Proceeds from borrowings	3,72,145.90	4,65,260.79
Repayment of borrowings	(4,11,530.94)	(4,17,258.09)
Dividend paid	(2.00)	19.37
Transactions with non controlling interest	(1,171.02)	(375.70)
Interest paid	(40,089.19)	(56,857.78)
Net cash inflow from financing activities	(80,647.26)	30,171.58
Net increase in cash and cash equivalents	(5,723.65)	6,351.46
Effect of exchange rate changes on cash and cash equivalents	0.24	0.66
Cash and cash equivalents at the beginning of the financial year	9,844.42	3,492.30
Cash and cash equivalents at end of the financial year	4,121.02	9,844.42

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash and cash equivalents (note 6(c))	4,167.94	9,844.42
Bank overdrafts (note 12(c))	(46.92)	-
Balances per statement of cash flows	4,121.02	9,844.42

Change in Liability arising from Financing Activities

Particulars	April 01, 2018	Cash Flow	Foreign Exchange Movement	Other Adjustment #	March 31, 2019
Borrowings (Non-current and current maturities of long term debts)	30,799.88	71,520.05	(65.89)	(78,936.62)	23,317.42
Borrowings (Current)	3,20,241.47	(1,10,905.10)	-	1,301.49	2,10,637.86
Total	3,51,041.35	(39,385.05)	(65.89)	(77,635.13)	2,33,955.28

Other Adjustment of Rs. 77,635.13 lakhs in respect of Non-Current Borrowings includes Rs. 87,482.00 Lakhs as fair value gain on deferment of advances received from certain companies converted into interest free Inter Corporate Deposits (ICDs) (Refer Note 41) & includes Rs. 823.33 Lakhs as amortisation of transaction cost and redemption premium on 11.50% Non-Convertible Redeemable Preference Shares.

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) - Statement of cash flows.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 47.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:
117366W/W-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**
Chartered Accountants
Firm Registration Number: 311017E
V. K. Singhi
Partner
Membership Number: 050051

For **McNally Bharat Engineering Company Limited**
Aditya Khaitan
(Chairman)
DIN No.: 00023788
Manoj Kumar Digga
(Chief Financial Officer)
Srinivash Singh
(Managing Director)
DIN No.: 00789624
Indranil Mitra
(Company Secretary)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts are in ₹ Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Equity Share Capital
As at March 31, 2017		5,359.38
Changes in Equity Share Capital	11(a)	10,445.08
As at March 31, 2018		15,804.46
Changes in Equity Share Capital	11(a)	1,410.72
As at March 31, 2019		17,215.18

B. Other equity

Particulars	Notes	Money Received against Share Warrants	Compulsorily Convertible Preference Share Capital (CCPS)	Securities Premium	Retained Earnings	Capital Redemption Reserve	Capital Reserve	Foreign Currency Translation Reserve	Other Reserve	General Reserve	Total
Balance as at March 31, 2017		-	8,328.79	75,818.86	(82,457.23)	1.00	344.28	702.20	-	1,766.63	(3,824.26)
Profit/(Loss) for the year	11(b)	-	-	-	(46,095.20)	-	-	-	-	-	(46,095.20)
Other comprehensive income	11(b)	-	-	-	(69.63)	-	-	-	-	-	(69.63)
Appropriations during the year	11(b)	-	-	-	-	-	-	(983.47)	-	-	(983.47)
Total comprehensive income for the year		-	-	-	(46,164.83)	-	-	(983.47)	-	-	(47,148.30)
Transactions with owners in their capacity as owners:											
Issue of Equity Shares/Warrants/CCPS	11(a)	100.00	-	39,510.28	-	-	-	-	-	-	39,510.28
Coverted into Equity	11(a)	-	(2,976.17)	-	-	-	-	-	-	-	-
Transaction with others:											
Transaction costs	11(b)	-	-	(1,205.82)	-	-	-	-	-	-	(1,205.82)
Balance as at March 31, 2018		100.00	(2,976.17)	38,304.46	-	-	-	-	-	-	38,304.46
Profit/(Loss) for the year		100.00	5,352.62	1,14,123.32	(1,28,622.05)	1.00	344.28	(281.27)	-	1,766.63	(12,668.11)
Other comprehensive income for the year	11(b)	-	-	-	(78,337.63)	-	-	-	-	-	(78,337.63)
Transfer to Foreign currency translation reserve	11(b)	-	-	-	(176.70)	-	-	-	-	-	(176.70)
Adjustment for change in ownership interest		-	-	-	102.38	-	-	-	-	-	102.38
Transition impact of IND AS 115 (refer note 35)		-	-	-	418.98	-	-	-	-	-	418.98
Fair value gain on Financial Liabilities (Refer note 44)		-	-	-	(212.27)	-	-	-	-	-	(212.27)
Appropriations during the year	11(b)	-	-	-	-	-	-	(12.77)	87,482.00	-	87,482.00
Total comprehensive income for the year		-	-	-	(78,205.24)	-	-	(12.77)	87,482.00	-	(12.77)
Transactions with owners in their capacity as owners:											
Coverted into equity	11(a)	-	(1,410.72)	-	-	-	-	-	-	-	-
Transaction costs	11(b)	-	-	(823.39)	-	-	-	-	-	-	(823.39)
Balance as at March 31, 2019		100.00	3,941.90	1,13,299.92	(2,06,827.29)	1.00	344.28	(294.04)	87,482.00	1,766.63	(4,227.50)

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 47.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number: 117366W/VW-100018
A. Bhattacharya
Partner
Membership Number: 054110
Kolkata, 30th May, 2019

For V. Singhi & Associates
Chartered Accountants
Firm Registration Number: 311017E

For McNally Bharat Engineering Company Limited
Aditya Khaitan
(Chairman)
DIN No.: 00023788
Manoj Kumar Digga
(Chief Financial Officer)
DIN No.: 00789624

V. K. Singhi
Partner
Membership Number: 050051
Srinivash Singh
(Managing Director)
DIN No.: 00789624
Indranil Mitra
(Company Secretary)

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

A. Corporate Information

The Consolidated Financial Statements comprise of financial statements of “McNally Bharat Engineering Company Limited (“the Holding Company”) and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 March, 2019.

B. Recent Accounting pronouncements

Standards issued but not yet effective

The amendments to standards that are issued but not yet effective up to the date of issuance of the Company's Consolidated Financial Statements are disclosed below:

Ind AS 116 Leases:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full Retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified Retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application

Certain practical expedients are available under both the methods.

The Group is currently assessing the impact on adoption of this standard on the consolidated financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group currently is evaluating the effect of the above on its Consolidated financial statements.

Amendment to Ind AS 12 – Income taxes:

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes' in connection with accounting for dividend distribution taxes.

The amendments clarifies that an entity shall recognise the income tax consequences of dividends in profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application this amendment is annual period beginning on or after April 1, 2019. The Company currently is evaluating the effect of the above on its standalone financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the consolidated financial statements.

1 Significant Accounting Policies

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

(a) Basis of Preparation

(i) Compliance with Ind AS

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016 Companies (Indian Accounting Standards) (Amendment) Rules, 2017, Companies (Indian Accounting Standards) (Amendment) Rules, 2018 and other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in these consolidated financial statements.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

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

(iii) Operating Cycle

All assets and liabilities have been classified as current or non - current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the 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 group has ascertained, on an average its operating cycle for the purpose of current – non-current classification of assets and liabilities to be 12 to 24 months.

(iv) Use of estimates and judgement

The estimates and judgements used in the preparation of the consolidated financial statements are continually

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (*Contd.*)

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

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

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

(b) Segment Reporting

The Group is primarily engaged in two business segments, viz. "Turnkey engineering" and "other engineering services". Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e., Managing Director and CFO for the purpose of resource allocation and assessing performance focuses separately on the aforesaid segment. The CODM reviews the Group's performance on the analysis of Profit/(Loss) before tax at each segment level. Accordingly, appropriate disclosure is made for reportable segments in accordance with Ind AS 108 "Operating Segments".

(c) Foreign Currencies

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

(i) Functional Currency

Items included in the Consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Parent's functional currency.

(ii) Transactions and Balances

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

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

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

(d) Principles of consolidation and Equity Accounting

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The Group controls an entity when the group is exposed to or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the reporting period. Any exchange difference arising on consolidation is recognised in Foreign Currency Translation Reserve.



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

The unaudited financial statements of foreign subsidiaries, its associates and joint venture have been prepared in accordance with Generally Accepted Accounting Policies of its Country of Incorporation.

The acquisition method of accounting is used to account for business combination.

The group combines the financial statement of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity, and Consolidated balance Sheet respectively.

ii) Associates

Associate is an entity over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investment in the associate is accounted for using the equity method of accounting (see (iv) below), after initially being recognized at cost.

iii) Joint Arrangements

Under Ind AS 111 Joint arrangements, investment in joint arrangement is classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Holding Company has a joint venture.

Interest in joint venture is accounted for using equity method (see (iv) below), after initially being recognized at cost in the Consolidated Balance Sheet.

iv) Equity Method

Under equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the group's share of post-acquisition profits or losses of the investee in the consolidated Statement of Profit and Loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividend received or receivable from associate and joint venture is recognized as a reduction in the carrying amount of investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other long term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, Accounting policies of the equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(h) below.

(e) Revenue Recognition

The Ministry of Corporate Affairs (MCA), on March 28, 2018, notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (India Accounting Standard) Amendment Rules, 2018. The new standard was effective for accounting periods beginning on or after April 1, 2018. The Group has adopted Ind AS 115 using the modified retrospective approach. The adoption of the standard did not have any material impact to the consolidated financial statements of the Group.

The Group derives revenues primarily from turnkey solutions in the areas of Power, Steel, Aluminum, Material Handling, Mineral Beneficiation, Pyroprocessing, Pneumatic Handling of powdered materials including fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. (together called as "turnkey solutions").

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(i) Sale of Goods

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

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

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

(ii) Sale of Services

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

(iii) Revenue from construction contracts

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

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

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

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

(iv) Dividend and Interest Income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

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

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

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

(ii) Deferred Tax

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

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

(g) Leases

A lease is classified at the inception date as a financial lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are classified as operating leases.

Group as a Lessee:

Lease rentals are recognized as expense on a straight-line basis over the lease term except where-

- (i) Another systematic basis is more representative of the time pattern in which economic benefits the leased assets derived; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Group as a Lessor:

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except where-

- (i) Another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(h) Impairment of Non-financial Assets

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

generate cash inflows that are largely independent of those from other assets or groups of assets.

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

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

(i) Cash and Cash Equivalents

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

(j) Trade Receivables

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

(k) Inventories

Inventories consist of raw materials, stores, work in progress, bought out components, loose tools and finished goods.

Raw materials, stores, bought out components, loose tools and finished goods, are stated at the lower of cost and net realizable value. Cost of inventories comprises costs of purchases. Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials and stores on weighted average basis, and to bought out components on specific identification on individual cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Due allowance is estimated and made for obsolete items, wherever necessary.

(l) Financial Liabilities

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

(i) Classification

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

(ii) Measurement

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

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

(m) Investments and Other financial Assets

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(i) Classification

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

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

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

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

(ii) Measurement

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

Investments in subsidiaries and joint ventures are recognized at cost as per Ind AS 27.

(a) Debt Instruments measured at amortized cost

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

(b) Equity Instruments at Fair value through Profit or loss (FVTPL) - The Group subsequently measures all equity investments other than in subsidiaries and joint venture at fair value through profit or loss. Dividends from such investments are recognized in profit and loss as other income when the Group's right to receive payments is established. Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other gain/ (losses) in consolidated the statement of Profit and Loss. The Group has not selected the irrevocable option of classifying investments to be carried at Fair Value through Other Comprehensive Income (FVOCI).

(iii) Impairment of Financial Assets

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

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

(iv) Derecognition of Financial Asset

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

(n) Derivatives that are not designated as hedges

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

(o) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated Balance Sheet where

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business

(p) Property, Plant and Equipment

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

- i. it is probable that future economic benefits associated with the item will flow to the entity; and
- ii. the cost of an item can be measured reliably.

All items of Property, Plant and Equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Spare parts are capitalized when they meet the definition of PPE, i.e., when the group intends to use these during more than a period of 12 months.

(i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The useful lives have been determined based on technical evaluation done by the management's expert which in a case is different than those specified by Schedule II to the Companies Act 2013, in order to reflect the actual usage of the assets as given below. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Class of Assets	Useful Lives as followed by the management
Plant and Machinery	3 to 20 years

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

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

(q) Intangible Assets

(i) Computer Software

Costs incurred on computer software resulting in future economic benefits are capitalized as Intangible Assets.

Intangible assets acquired are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

(ii) Amortisation methods and periods

Computer software are amortized on a straight line basis over a period of three years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated Statement of Profit and Loss within other gains/ losses.

(iii) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

tor impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating unit for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(r) Trade and other payables

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

(s) Borrowings

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

Preference Shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the consolidated Statement of Profit and Loss as finance cost.

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

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

(t) Borrowing Costs

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

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

(u) Provisions and Contingent Liabilities

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

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

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

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

(v) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether the

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (*Contd.*)

equity instruments or assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the

- Fair values of the assets transferred;
- Liabilities incurred to the former owners of acquired business;
- Equity interests issued by group; and
- Fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase is recognized directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

(w) Employee Benefits

(i) Short – term obligations

Liabilities for wages and salaries, including compensated absences which are expected to be availed or encashed within 24 months after the year end and non - monetary benefits that are expected to be settled wholly within 24 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The obligations are presented as non-current liabilities in the consolidated Balance Sheet if the entity does not expect actual settlement will occur within the operating cycle after the reporting period.

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

(ii) Other long term employee benefit obligations

The liabilities for earned leave, sick leave and long service award are not expected to be settled wholly within 24 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the yield on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the consolidated Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur.

The obligations are presented as current liabilities in the Consolidated Balance Sheet if the entity does not have an unconditional right to defer settlement for at least the operating cycle after the reporting period, regardless of when the actual settlement is expected to occur.



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(iii) Defined benefit plans

The Group operates defined benefit plans such as Gratuity, Post - employment medical obligations and Provident Fund (administered by Independent Trust).

The Group provides for gratuity covering eligible employees in accordance with Payment of Gratuity Act, 1972. The plan provides for lump sum payment to vested employees at retirement, death, incapacitation or termination of employment. The gratuity fund is administered by Independent Trustees. Plan assets are managed by Life Insurance Corporation of India (LICI).

The Group provides for post – retirement medical benefits to eligible retired employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The Group has a provident fund benefit plan which is administered by the Independent Provident Fund Trust. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The Group make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Group has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Group's obligation to meet the shortfall, it is categorized as a defined benefit plan.

The liability or asset recognized in the consolidated Balance Sheet in respect of above defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

Re-measurement gains and losses arising from experience and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated Statement of Changes in Equity and in the consolidated balance sheet.

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

(x) Contributed Equity

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

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- Profit or loss attributable to equity shareholders of the Group
- By the weighted average number of equity shares outstanding during the financial year, adjusted for the effect of all dilutive potential equity shares. (Note 37)

(ii) Diluted earnings per share

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

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (*Contd.*)

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

(z) Investments in subsidiaries and joint venture

Investments in subsidiaries and joint ventures are recognized at cost as per Ind AS 27.

Rounding of amounts

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

2 Significant Accounting Judgements, Estimates and Assumptions

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

In the process of applying the Group's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the consolidated financial statements:

1. Going Concern assumptions.
2. Expected cost of completion of contracts.
3. Fair value measurement of financial instruments.
4. Impairment of investment in joint venture and subsidiary
5. Recognition of deferred tax assets for carried forward tax losses
6. Impairment of trade receivables and due from customers
7. Provisions, Claims and Contingent Liabilities
8. Estimation of defined benefits obligation
9. Useful life of property, plant and equipment
10. Decommissioning obligations

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land	Leasehold Land	Building	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total
Year ended March 31, 2018								
Gross carrying amount								
Opening gross carrying amount	289.00	2,517.00	13,360.00	19,746.65	1,120.80	416.43	184.13	37,634.01
Additions	-	-	-	72.69	8.00	11.08	14.00	105.77
Disposals	-	-	-	(0.68)	(2.68)	(4.29)	(36.02)	(43.67)
Other adjustments	-	1.69	4.07	1.00	(10.02)	10.02	-	6.77
Closing gross carrying amount	289.00	2,518.69	13,364.07	19,819.66	1,116.09	433.24	162.11	37,702.87
Accumulated depreciation								
Opening accumulated depreciation	-	137.00	2,726.00	10,909.53	468.19	380.01	81.31	14,702.04
Depreciation charge during the year	0.40	33.01	576.00	2,202.40	168.39	23.08	25.26	3,028.53
Disposals	-	-	-	(1.06)	(0.60)	(4.16)	(17.01)	(22.83)
Other adjustments	-	-	1.00	4.35	-	-	-	5.35
Closing accumulated depreciation	0.40	170.01	3,303.00	13,115.22	635.98	398.93	89.56	17,713.09
Net carrying amount as at March 31, 2018	288.60	2,348.68	10,061.07	6,704.44	480.11	34.32	72.55	19,989.78
Year ended March 31, 2019								
Gross carrying amount								
Opening gross carrying amount	289.00	2,518.69	13,364.07	19,819.66	1,116.09	433.24	162.11	37,702.87
Additions	-	-	-	31.32	11.45	3.00	-	45.77
Disposals/Adjustments	-	-	-	(90.84)	(0.13)	(1.00)	(17.18)	(109.15)
Adjustment for change in ownership interest	-	-	-	-	(0.22)	(0.32)	(13.08)	(13.62)
Other adjustments	-	11.00	-	-	-	-	-	11.00
Closing gross carrying amount	289.00	2,529.69	13,364.07	19,760.15	1,127.19	434.92	131.85	37,636.87
Accumulated depreciation								
Opening accumulated depreciation	0.40	170.01	3,303.00	13,115.22	635.98	398.93	89.56	17,713.09
Depreciation charge during the year	-	24.00	475.00	1,599.48	161.36	9.60	15.04	2,284.47
Disposals	-	-	-	(76.00)	(0.01)	(1.00)	(11.40)	(88.41)
Adjustment for change in ownership interest	-	-	-	-	(0.13)	(0.17)	(9.50)	(9.80)
Other adjustments	-	-	-	1.30	-	-	-	1.30
Closing accumulated depreciation	0.40	194.01	3,778.00	14,640.00	797.20	407.35	83.70	19,900.66
Net carrying amount as at March 31, 2019	288.60	2,335.68	9,586.07	5,120.14	329.99	27.57	48.15	17,736.21

(i) Property, plant and equipment pledged as security

Refer note 39 for Property, Plant and Equipment pledged as security by the Group.

(ii) Capital Commitments

Refer to note 28 for disclosure of Capital Commitments for the acquisition of Property, Plant and Equipment.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

4 INTANGIBLE ASSETS

Particulars	Designs and drawings	Computer software *	Total	Goodwill on consolidation**
Year ended March 31, 2018				
Gross carrying amount				
Opening gross carrying amount	249.27	94.33	343.60	15,623.27
Acquisition of subsidiary			-	
Additions			-	
Other adjustments	71.29	(2.67)	68.62	(103.26)
Closing gross carrying amount	320.56	91.66	412.22	15,520.01
Accumulated amortisation and impairment				
Opening accumulated amortisation	216.56	41.85	258.41	
Amortisation charge for the year	70.00	2.27	72.27	-
Other adjustments	-	(3.64)	(3.64)	-
Closing accumulated amortisation and impairment	286.56	40.48	327.04	-
Closing net carrying amount as March 31, 2018	34.00	51.18	85.18	15,520.01
Year ended March 31, 2019				
Gross carrying amount				
Opening gross carrying amount	320.56	91.66	412.22	15,520.01
Disposal of subsidiary	-	-	-	(14,357.37)
Additions	-	3.00	3.00	-
Other adjustments	-	0.10	0.10	-
Closing gross carrying amount	320.56	94.76	415.32	1,162.64
Accumulated amortisation and impairment				
Opening accumulated amortisation	286.56	40.48	327.04	-
Amortisation charge for the year	31.00	3.22	34.22	-
Other adjustments	3.00	-	3.00	-
Closing accumulated amortisation and impairment	320.56	43.70	364.26	-
Closing net carrying amount as March 31, 2019	-	51.06	51.06	1,162.64

* Computer software consists of other than internally generated intangible asset.

5 NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investments in Equity Instruments (fully paid-up)		
Equity Instruments carried at fair value through profit and loss		
Quoted		
10,960 (March 31, 2018 : 10,960) Equity Shares of Rs. 5/- each of Eveready Industries India Limited	21.05	41.07
10,960 (March 31, 2018 : 10,960) Equity Shares of Rs. 5/- each of McLeod Russel India Limited	9.40	15.76
Total (equity instruments)	30.45	56.83



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Investment in mutual funds carried at FVTPL		
Unquoted		
362,970.078 (March 31, 2018 : 1,577,970.078) units of L&T Short Term Opportunities Growth Fund	66.17	262.18
Total (mutual funds)	66.17	262.18
Total	96.62	319.01
Total Non-current Investments	96.62	319.01
Aggregate amount of quoted investments and market value thereof	30.45	56.83
Aggregate amount of unquoted investments	66.17	262.18

(i) Investments pledged as security

Refer note 39 for investments pledged as security by the group.

6 (A) TRADE RECEIVABLES

Particulars	As at 31st March, 2019	As at 31st March, 2018
Unsecured		
Trade Receivables - Considered good (refer note 45)	1,75,639.80	1,81,506.84
Trade Receivables - Credit impaired	12,396.33	8,615.10
Less: Allowance for doubtful receivables (Expected loss provision)	(12,396.33)	(8,615.10)
Total Receivables	1,75,639.80	1,81,506.84
Current	1,74,056.57	1,79,740.84
Non-current	1,583.23	1,766.00

6 (B) LOANS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Unsecured, considered good		
Loan to others	1,362.85	1,715.34
Total Loans	1,362.85	1,715.34

6 (C) CASH AND CASH EQUIVALENTS

Balances with Banks		
- in Current Accounts	3,906.96	9,034.75
- Cheques on hand	-	313.70
Deposits with Bank	175.05	165.00
Cash on hand	85.93	330.97
Total cash and cash equivalents	4,167.94	9,844.42
Other Bank Balances		
Earmarked balances with banks (refer note (i))	4,349.15	2,211.09
Deposits with bank	274.15	449.81
Balance in unpaid dividend account*	3.98	8.33
Total other bank balances	4,627.28	2,669.23

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

- (i) Earmarked balances with bank represents balances held for margin money against issue of bank guarantees, having maturity of less than one year.
- (ii) There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods.
- * Under reconciliation

6 (D) OTHER FINANCIAL ASSETS

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Current	Non-current	Current	Non-current
(i) Derivatives				
Foreign-exchange forward contracts	-	-	35.50	-
(ii) Others				
Security Deposits	272.74	145.51	240.25	158.00
Advance to employees	70.14	-	54.84	-
Due from customers (refer note 35)	19,522.33	-	1,26,140.00	-
Due from Associate	-	-	1,392.90	-
Unbilled revenue	604.92	-	183.00	448.00
Sale of shares receivable (Lok Kalyan Trust)	-	-	144.66	-
Earmarked balances with bank (refer note (i))	-	2,490.08	-	186.39
Interest receivable	-	-	760.98	-
Advances to related parties	-	-	686.41	-
Expenses recoverable (refer note 45)	14,461.21	-	17,049.05	-
Others	42.70	338.22	35.12	297.00
Total other financial assets	34,974.05	2,973.81	1,46,722.71	1,089.39

- (i) Earmarked balances with bank represents balances held for margin money against issue of bank guarantees.

7 DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Tax losses	52,268.02	62,775.84
Provisions	858.00	124.00
Property, Plant and Equipment, Investment property and Intangible assets	40.17	
Others	5,628.41	4,629.91
Total deferred tax assets	58,794.60	67,529.75
Set-off of deferred tax liabilities pursuant to set-off provisions	(854.11)	(10,722.15)
Net Deferred Tax Assets	57,940.49	56,807.60

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Reconciliation of deferred tax assets:

Particulars	Tax losses	Provisions	Property, plant and equipment and intangible assets	Others	Total
At March 31, 2017	46,164.00	157.08	-	7,744.51	54,065.59
(Charged)/credited:					
- to profit or loss	16,611.84	(14.08)	-	(3,114.60)	13,483.16
- to other comprehensive income	-	(19.00)	-	-	(19.00)
At March 31, 2018	62,775.84	124.00	-	4629.91	67,529.75
(Charged)/credited:					
- to profit or loss	(10,507.82)	703.21	40.17	998.50	(8,765.94)
- to other comprehensive income		30.79			30.79
At March 31, 2019	52,268.02	858.00	40.17	5,628.41	58,794.60

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Particulars	As at March 31, 2019	As at March 31, 2018
Property, Plant and Equipment and Intangible Assets	848.11	1,045.68
Other items	6.00	
Items taxable in later years	-	9,676.47
Total deferred tax liabilities	854.11	10,722.15
Set-off of deferred tax liabilities pursuant to set-off provisions	(854.11)	(10,722.15)
Net Deferred Tax Liabilities	-	-

Reconciliation Deferred Tax Liabilities

Particulars	Property, plant and equipment and intangible assets	Other items	Total
At March 31, 2017	1,549.28	10,218.21	11,767.49
Charged/(credited)			
- to profit or loss	(503.60)	(541.74)	(1,045.34)
At March 31, 2018	1,045.68	9,676.47	10,722.15
Charged/(credited)			
- to profit or loss	(197.57)	(9,670.47)	(9,868.04)
At March 31, 2019	848.11	6.00	854.11

The Parent had deferred tax assets of Rs. 51,706.60 lakhs as on March 31, 2018, which the company is also carrying as on March 31, 2019. No deferred tax asset has been further recognised during the financial year 2018-19 and based on the resolution process which is being actively considered by the Lenders, the management has made estimates regarding the probability that the future taxable profits will be available against which existing deferred tax assets up to March 31, 2018 can be utilised.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

8 OTHER NON-CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Capital Advances	7.85	169.95
Prepaid Rent	19.20	64.07
MAT credit entitlement	-	0.58
Balance with statutory/government authorities	0.46	0.46
Others	0.27	-
Total Other Non-Current Assets	27.78	235.06

9 INVENTORIES (lower of cost or net realisable value)

Inventories		
-Raw Materials	4,955.25	5,887.49
-Bought out Components	4,910.51	5,420.28
-Loose Tools	63.97	182.25
Work-in-progress	7,376.06	29,366.60
Finished Goods	-	155.00
Stores and Spares	790.81	744.00
Total Inventories	18,096.60	41,755.62

10 (A) OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to suppliers & others	23,605.73	20,244.24
Advance for Land	-	1,659.50
Balance with statutory/government authorities	16,051.37	14,917.40
Gratuity Receivable	21.68	25.00
Prepaid Expenses	1,146.57	4,007.41
Others	79.86	266.00
Total Other Current Assets	40,905.21	41,119.55

10 (B) CURRENT TAX ASSETS (NET)

Advance income tax net of provisions	5,963.30	11,830.80
Total Current Tax Assets (net)	5,963.30	11,830.80

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

11 EQUITY SHARE CAPITAL AND OTHER EQUITY

11(A) Equity Share Capital

Particulars	Equity shares		Compulsorily convertible preference shares	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital				
As at March 31, 2017	7,00,00,000	7,000.00	-	-
Increase during the year	9,50,00,000	9,500.00	8,50,00,000	8,500.00
As at March 31, 2018	16,50,00,000	16,500.00	8,50,00,000	8,500.00
Increase during the year	7,50,00,000	7,500.00	5,50,00,000	5,500.00
As at March 31, 2019	24,00,00,000	24,000.00	14,00,00,000	14,000.00
Subscribed and Paid up:				
(i) Movements in Share Capital				
As at March 31, 2017	5,35,93,818	5,359.38	8,32,87,939	8,328.79
Increase during the year	10,44,50,788	10,445.08	3,94,19,000	3,941.90
Converted into Equity Shares	-	-	(6,91,80,788)	(6,918.07)
As at March 31, 2018	15,80,44,606	15,804.46	5,35,26,151	5,352.62
Increase during the year	1,41,07,151	1,410.72	-	-
Converted into Equity Shares	-	-	(1,41,07,151)	(1,410.72)
As at March 31, 2019	17,21,51,757	17,215.18	3,94,19,000	3,941.90

Terms and rights attached to equity shares :

Each Equity Share has a par value of Rs 10/-. It entitles the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held and amounts paid thereon.

Every holder of Equity Shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Terms and rights attached to Compulsorily Convertible Preference Shares:

Each CCPS shall be compulsorily convertible into one Equity Share at any time within 18 months from the date of allotment.

CCPS shall have priority with respect to payment of dividend or repayment of capital over Equity Shares of the Company.

The holders of CCPS would not participate in the surplus assets and profits on winding up which may remain after the entire capital has been repaid.

Each CCPS would carry a dividend of 1% which would be non cumulative

(ii) Shares of the Company held by holding/ultimate holding company:

The Parent does not have a holding company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

iii) Details of shareholders holding more than 5% of the aggregate Equity Shares in the Parent:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Company Limited	2,76,18,952	16.04	2,76,18,952	17.47
EMC Limited	1,01,37,689	5.89	1,42,87,689	9.04
Williamson Financial Services Limited	1,67,02,515	9.70	1,00,51,000	6.36
Babcock Borsig Limited	1,26,64,636	7.36	98,01,000	6.20
Sahal Business Private Limited	1,74,47,637	10.13	1,74,47,637	11.04
Merlin Securities Private Limited	88,00,000	5.11	88,00,000	5.57

iv) Details of shareholders holding more than 5% of the aggregate Compulsorily Convertible Preference Shares (CCPS) in the Parent:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% holding	Number of shares	% holding
Williamson Magor & Company Limited	40,00,000	10.15	40,00,000	7.47
Williamson Financial Services Limited	40,00,000	10.15	1,06,51,515	19.90
Babcock Borsig Limited	40,00,000	10.15	68,63,636	12.82
Mortal Vinimay Private Limited	-	-	42,68,000	7.97
Aditya Birla Finance Limited	1,12,90,000	28.64	1,12,90,000	21.09
IL& FS Financial Services Limited	1,61,29,000	40.92	1,61,29,000	30.13

v) Aggregate number of shares issued for consideration other than cash for the period of five years immediately preceding the date at which the Balance Sheet is prepared :

On September 29, 2018, the Parent issued 14,107,151 Equity Shares of Rs 10/- each at a premium of ₹ 56/- per share to two Promoter Companies and the equity shareholders and certain debentureholders of Vedica Sanjeevani Projects Private Limited ('Vedica') pursuant to the conversion of 14,107,151 Compulsorily Convertible Preference Shares (CCPS) allotted on March 30, 2017.

On March 26, 2018, the Parent issued 1,20,00,000 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each at a premium of ₹ 52 per CCPS to the Promoter group Companies for part conversion of outstanding unsecured loan of ₹ 7,440 lakhs. On March 31, 2018, the Parent issued 3,21,51,515 Equity Shares of ₹ 10 each at a premium of ₹ 52 per share to the Promoter Group Companies pursuant to conversion of 3,21,51,515 CCPS which were allotted on March 30, 2017. Also, on March 31, 2018, the Parent issued 3,70,29,273 Equity Shares of ₹ 10 each at a premium of ₹ 56 per share to Equity Shareholders and certain debenture holders of Vedica Sanjeevani Projects Private Limited ("Vedica") pursuant to the conversion of 3,70,29,273 out of 4,16,21,273 CCPS allotted on March 30, 2017.

On March 30, 2017, the Parent had issued Compulsorily Convertible Preference Shares (CCPS) at face value of ₹ 10 only per share and ₹ 56 only towards premium. CCPS totalling 4,16,66,666 numbers were issued to the promoter group companies for ₹ 27,499.99 and a further 4,16,21,273 numbers for ₹ 27,470.04 to the shareholders and debenture holders of Vedica Sanjeevani Projects Private Limited with whom the Parent had entered into an agreement on February 17, 2017. Vide the same agreement entered into by the Company and Vedica Sanjeevani Projects Private Limited on February 17, 2017, the Parent acquired 4,75,200 Equity Shares and 12,47,004 debentures of Vedica Sanjeevani Projects Private Limited.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

11(b) Reserves and surplus

Particulars	As at March 31, 2019	As at March 31, 2018
Securities Premium	1,13,299.92	1,14,123.32
Capital Redemption Reserve	1.00	1.00
General Reserve	1,766.63	1,766.63
Capital Reserve	344.28	344.28
Retained Earnings	(2,06,827.29)	(1,28,622.05)
Foreign Currency Translation Reserve	(294.04)	(281.27)
Other Reserves	87,482.00	-
Total Reserves and Surplus	(4,227.50)	(12,668.11)

(i) Securities premium

As per last Financial Statement	1,14,123.32	75,818.86
Issue of share & CCPS during the year	-	39,510.28
Transaction costs arising on issue of shares and other adjustments	(823.39)	(1,205.82)
Closing balance	1,13,299.92	1,14,123.32

Nature and purpose:

Securities Premium Reserve has arisen on issue of Equity shares and Compulsorily Convertible Preference Shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Capital redemption reserve

Particulars	As at March 31, 2019	As at March 31, 2018
As per last Financial Statement	1.00	1.00
Appropriations during the year	-	-
Closing balance	1.00	1.00

Nature:

The reserve is a non distributable reserve.

(iii) General Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance as on 31 March 2017	1,766.63	1,743.84
Transferred from Retained earnings	-	22.79
Closing balance as on 31 March 2018	1,766.63	1,766.63

Nature and purpose:

The reserve is a non distributable reserve. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(iv) Capital Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
As per last Financial Statement	344.28	344.28
Appropriations during the year	-	-
Closing balance	344.28	344.28

Nature and purpose:

Represents the amount transferred from the transferee company pursuant to scheme of amalgamation.

(v) Retained earnings

Particulars	As at March 31, 2019	As at March 31, 2018
As per last Financial Statement	(1,28,622.05)	(82,457.22)
Net profit/(loss) for the year	(78,337.63)	(46,095.20)
Items of OCI directly transferred to retained earnings	(176.70)	(69.63)
Transfer to foreign currency translation reserve	102.38	-
Adjustment for change in ownership interest	418.98	-
Transition impact for first time adoption of IND AS 115 (refer note 35)	(212.27)	-
Closing balance	(2,06,827.29)	(1,28,622.05)

Nature and purpose:

This reserve represents the cumulative Profits/Loss of the company. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013. The reserve is a part of retained earnings. This is available for distribution to the shareholders as a part of free reserve.

(vi) Foreign Currency Translation Reserve

Particulars	As at March 31, 2019	As at March 31, 2018
As per last Financial Statement	(281.27)	702.20
Appropriations during the year	(12.77)	(983.47)
Closing balance	(294.04)	(281.27)

Nature and purpose:

Represents reserve created on account of consolidation of foreign subsidiary.

(vii) Other reserves

Particulars	As at March 31, 2019	As at March 31, 2018
As per last Financial Statement	-	-
Fair value gain on Financial Liabilities recognised during the year (refer note 44)	87,482.00	-
Closing balance	87,482.00	-

Nature and purpose:

This reserve represents fair valuation gain on valuation of long term borrowings measured at amortised cost. The reserve will be utilised through unwinding as interest expense to be recognised over the period of the borrowings (refer note 44).

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

12 FINANCIAL LIABILITIES

12(A) NON-CURRENT BORROWINGS

Particulars	Coupon/Interest rate	As at March 31, 2019	As at March 31, 2018
Secured			
Term Loans			
Rupee loan			
- From banks	10.75% to 13%	3,373.41	12,349.15
- From others	9.49% to 9.75%	6.30	9,802.39
Foreign currency loan - from banks (refer note (ii) & (iii))	10.62%	651.67	1,163.98
Unsecured			
From Others			
Deposit (Inter corporate) (Refer note 44)	0.00%	14,307.96	3,689.20
9,75,000, 11.50% Non-Convertible Redeemable Preference Shares (Refer note (i))	11.50%	5,020.49	4,197.12
Total Non-current Borrowings		23,359.83	31,201.84
Less: Current maturities of long-term debt (included in note 12(c))		7,634.91	23,992.68
Less: Interest accrued (included in note 12(c))		42.41	401.96
Non-current Borrowings		15,682.51	6,807.20

- (i) Non-Convertible Redeemable Preference Shares are redeemable in 8 equal quarterly installments commenced from 5 June 2018 and the last installment payable on March 05, 2020.

Terms of repayment:

- In case of loan having a nominal balance outstanding of USD 8.75 lakhs, repayable in 10 semi annual instalments starting June 23, 2014. The last instalment date was due on December 23, 2018. Last installment remains unpaid till the approval of these financial statements.
- In case of loan having a nominal balance of ₹ 2,500 lakhs (31.03.2018 ₹ 3,725 lakhs), 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.
- In case of loan having a nominal balance of ₹ 875 lakhs (31.03.2018 ₹ 1,000 lakhs), loan is repayable in 8 equal quarterly installments of ₹ 125 each beginning from 3rd July 2017. Interest is payable at the 13% p.a. on monthly basis.
- In case of loan having a nominal balance of ₹ 3 lakhs (31.03.2018 ₹ 9 lakhs), car loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 9.49% to 9.61% p.a.
- In case of loan having a nominal balance of ₹ 11 lakhs (31.03.2018 ₹ 14 lakhs), car loans are repayable in 60 equal monthly installments. Interest is payable at the rate of 8.24% p.a.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Security details

Refer Note 39 for details of assets charged as security against these borrowings.

Details of loan	Nature of Security
External Commercial Borrowing from ICICI Bank Limited	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.
Rupee term loan from ICICI Bank Limited	secured by first pari passu charge on all moveable and immovable fixed assets of a subsidiary Company (excluding Kumardhubi plant - Unit 1) both present and future . This facility is also guaranteed by Holding Company.
Rupee term loan from DBS Bank Ltd.	secured by first pari passu charge on all moveable and immovable fixed assets of the Holding Company (excluding Kumardhubi plant - Unit 1) both present and future.
Car loan from ICICI Bank Limited	secured by hypothecation of motor vehicles acquired by a Subsidiary Company out of the loan.
Car loan from ICICI Bank Limited	secured by hypothecation of the asset under finance of a Subsidiary Company.

Details of default

The details of default during the year in respect of borrowings are as under:

Name of the lender	Amount of Default (More than 3 Months)		Amount of Default (Less than 3 Months)		Remarks
	Principle	Interest/ Dividend	Principle	Interest	
ICICI Bank (Secured Long term borrowing (ECB))	609.26	42.41	-	-	Amount of default persisting as on the closing date
ICICI Bank (Secured long term Borrowing rupee loan from bank)				107.00	
DBS Bank (Secured long term Borrowing rupee loan from bank)	125.00	39.00	125.00	28.04	
Tata Capital Financial Services Limited (Redeemable preference shares)	2,060.12	393.70	1,030.06	11.23	
Vinay Mohindar (Redeemable Preference Shares)	26.87	30.95	8.96	0.90	
Vyana Venturies (Redeemable Preference Shares)	26.87	31.09	8.96	0.90	
Mridula Mohata Chandra (Redeemable Preference Shares)	51.30	59.30	17.10	1.80	
Rahul Mohindar (Redeemable Preference Shares)	26.87	29.76	8.96	0.90	Amount of default remediated during the year
Brijesh Kumar Biyani (Redeemable Preference Shares)	53.84	62.99	17.95	1.80	
ICICI Bank (Secured Long term borrowing (ECB))	-	-	602.88	45.31	
L & T Finance Limited (Long term rupee term borrowing from others)	-	-	0,000.00	722.30	
Ratnakar Bank Limited (Secured long term Borrowing rupee loan from bank)	-	-	750.00	-	
L & T Finance Limited (Long term rupee term borrowing from others)	-	-	10,000.00	722.30	
Ratnakar Bank Limited (Secured long term Borrowing rupee loan from bank)	-	-	750.00	-	
ICICI Bank (Secured long term Borrowing rupee loan from bank)	-	-	312.50	2.67	
ICICI Bank (Secured long term Borrowing rupee loan from bank)	-	69.00	1,250.00	267.00	
DBS Bank (Secured long term Borrowing rupee loan from bank)	-	11.00	125.00	44.00	



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

12(B) CURRENT BORROWINGS

Particulars	Coupon/ Interest rate	Year ended March 31, 2019	Year ended March 31, 2018
Term loans			
Secured			
Rupee loan			
- From banks	8.95% to 9.95%	-	42,500.00
- From others	12.65%	-	27,500.00
Unsecured			
Rupee loan			
- From banks	8.95% to 11.75%	-	40,049.90
- From others	10.22% to 12%	11,138.63	25,076.85
Loans repayable on demand			
Secured			
From banks (refer note(i))			
Cash credit from banks	12.05% to 15.10%	1,78,371.48	96,811.36
Working capital demand loans from banks*	12.5% to 13.50%	17,986.84	19,007.61
Unsecured			
Loan from Directors of a subsidiary		-	57.04
Deposit (Inter Corporate) - From others	9% to 18%	4,502.88	69,867.36
Total Current Borrowings		2,11,999.83	3,20,870.12
Less: Interest accrued (included in note 12(c))		1,361.97	628.65
Current borrowings		2,10,637.86	3,20,241.47

* The Group has filed request letters to respective banks for roll over of facility from time to time.

(i) Details of loans	Nature of Security
Cash credit facility from consortium of banks and Working capital demand loans from 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 Kumardhubi 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. The working capital demand loans have been guaranteed by one of the directors to the tune of Rs. 10,000 Lakhs. Equity Shares of MBE Coal & Mineral Technologies India Private Limited held by the subsidiary company are pledged for Working Capital Demand Loans.
Cash Credit facilities and Working Capital Demand Loans	First pari passu charge on entire current assets of Subsidiary Company. This facility is also secured by second pari passu charge over the immoveable and moveable fixed assets of the Kumardhubi plant - Unit II, Asansol unit, Baroda unit and Bangalore unit both present and future.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Details of loans	Nature of Security
Loans repayable on demand	<p>Secured by first charge by way of hypothecation of one of the subsidiaries entire stock of raw materials, work-in-progress, semi-finished and finished goods, consumable stores and spares and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking pari passu with other participating bank, if any and First charge over the movable fixed assets of one of the subsidiary.</p> <p>Secured by first charge by way of hypothecation of one of the subsidiaries 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.</p> <p>Corporate Guarantee of the holding company in favour of ICICI Bank Limited and Kotak Mahindra Bank Limited (Formerly known as ING Vysya Bank Limited).</p>

(ii) Excepting loans repayable on demand, other loans are repayable within 24 months from the origination date.

(iii) Details of default are as follows :

Name of the lender	Amount of Default (More than 3 Months)		Amount of Default (Less than 3 Months)		Remarks
	Principle	Interest	Principle	Interest	
Axis Bank Limited - WCDL from banks (secured)	-	-	12,653.00	-	Amount of default persisting as on the closing date.
DBS Bank		67.00	-	48.57	
IDBI Bank	-	61.00	-	65.43	
Allahabad Bank - Cash credit from banks (Secured)	-	-	5,595.02	-	Amounts of default stated are in excess of sanction limits and persisting as on the closing date including interest component.
Axis Bank Limited - Cash credit from banks (Secured)	18,598.20	-	-	-	
Bank of Baroda - Cash credit from banks (Secured)	1,231.07	-	-	-	
Bank of India - Cash credit from banks (Secured)	-	-	11,593.48	-	
Canara Bank - Cash credit from banks (Secured)	-	-	1,054.46	-	
ICICI Bank - Cash credit from banks (Secured)	5,773.25	-	-	-	
IDBI Bank - Cash credit from banks (Secured)	-	-	6,078.41	-	
Karur Vysya Bank - Cash credit from banks (Secured)	5,679.22	-	-	-	
Lakshmi Vilas Bank - Cash credit from banks (Secured)	-	-	1.41	-	
Oriental Bank of Commerce Bank - Cash credit from banks (Secured)	-	-	948.31	-	
Punjab National Bank - Cash credit from banks (Secured)	-	-	13,299.06	-	
State Bank Of India - Cash credit from banks (Secured)	-	-	2,490.42	-	
UCO Bank - Cash credit from banks (Secured)	-	-	5.50	-	
Union Bank - Cash credit from banks (Secured)	-	-	8,509.43	-	
United Bank of India - Cash credit from banks (Secured)	-	-	1.86	-	

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Name of the lender	Amount of Default (More than 3 Months)		Amount of Default (Less than 3 Months)		Remarks
	Principle	Interest	Principle	Interest	
HDFC Bank Ltd (Rupee loan from bank (Unsecured))	-	-	5,000.00	159.65	Amount of default remediated during the year
Housing Development Finance Corporation Limited - Rupee loan from others (Unsecured)	11,500.00	-	13,500.00	1,095.58	
Aditya Birla Finance Limited - Rupee loan from others (Secured)	-	-	7,500.00	769.21	
Standard Chartered Bank - Interest on WCDL from banks (secured)	-	173.16	-	537.98	
ICICI Bank	-	-	-	293.00	
Kotak Mahindra Bank	-	-	-	165.00	
DBS Bank	-	-	-	83.00	
IDBI Bank	-	-	-	119.00	

12 (C) OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Lease equalisation	438.71	365.63
Total other non-current financial liabilities	438.71	365.63
Current		
Current maturities of long-term debt	7,634.91	23,992.68
Interest accrued on borrowings and others	1,850.49	3,157.26
Capital creditors	33.52	75.44
Employee benefits payable	1,697.51	2,923.26
Security deposits	90.29	90.54
Dividend accrued on preference shares	336.37	224.25
Unpaid dividends*	9.50	13.76
Overdrawn current accounts	46.92	-
Others	1,573.06	1,666.65
Total other current financial liabilities	13,272.59	32,143.84

*under reconciliation

12 (D) TRADE PAYABLES

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables due to micro, small and medium enterprises (Refer note 40)	528.52	301.76
Trade payables other than micro enterprises and small enterprises	46,215.30	63,488.82
Acceptances	9,966.20	31,665.54
Total Trade Payables	56,710.02	95,456.12
Current	56,706.62	95,437.12
Non-current	3.40	19.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

13 PROVISIONS

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Provisions						
-Warranty (i)	103.46	-	103.46	118.00	-	118.00
-Liquidated damages (i)	-	-	-	50.00	-	50.00
-Anticipated loss on contracts (i)	-	125.60	125.60	-	109.00	109.00
-Decommissioning obligations (i)	103.90	-	103.90	103.90	-	103.90
Employee Benefit Obligation						-
-Compensated absence (iii)	119.76	561.46	681.22	55.41	440.73	496.14
-Gratuity (iv)	289.36	(9.11)	280.25	192.84	(55.46)	137.38
-Others	23.22	209.00	232.22	96.21	405.06	501.27
Total employee benefit obligations	639.70	886.95	1,526.65	615.36	899.33	1,515.69

(i) Information about individual provisions and significant estimates

Warranty:

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

The Group offers 12 to 18 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. As at March 31, 2019, this particular provision had a carrying amount of Rs 103.46 lakhs (March 31, 2018 Rs 118 lakhs). Where claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 11 lakhs higher or lower (31 March, 2018 Rs 12 lakhs higher or lower).

Liquidated Damages:

The group has as a matter of abundant caution recorded an accrual for liquidated damages in respect of contracts where there has been a default in providing services on time to customers in terms of deliverables as agreed to in the contracts.

Decommissioning obligations:

Provision for decommissioning obligations relates to equipments erected at the construction site which are required to be decommissioned at the time of handing over the construction site to the customer.

Anticipated loss on Contracts:

A provision for anticipated loss is recognised where it is probable that the estimated contract costs are likely to exceed the total contract revenue.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Movements in provisions

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

Particulars	Warranty	Liquidated damages	Decommissioning obligations	Anticipated loss on contracts	Total
As at March 31, 2017	152.00	49.84	104.62	95.00	401.46
Charged/(credited) to Statement of Profit or Loss					
- unused amounts reversed	(34.00)	-	(0.72)	(1.00)	(35.72)
- unwinding of discount	-	0.16	-	15.00	15.16
As at March 31, 2018	118.00	50.00	103.90	109.00	380.90
Charged/(credited) to statement of profit or loss					
- unused amounts reversed	(14.54)	(50.00)	-	-	(64.54)
- unwinding of discount	-	-	-	16.60	16.60
As at March 31, 2019	103.46	-	103.90	125.60	332.96

(iii) Compensated absence

The leave obligations cover the Group's liability for earned leave. The amount of the provision of ₹ 119.76 lakhs (March 31, 2018 — ₹ 55.41 lakhs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. The amount that is expected to be funded within next 12 months is ₹ 191 lakhs.

(iv) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

The amounts recognised in the Consolidated Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	1,330.75	959.88	370.87
Current service cost	97.92	-	97.92
Interest expense/(income)	94.03	(73.97)	20.05
Total amount recognised in Profit and Loss	191.95	(73.97)	117.97
Remeasurements			
- Return on plan assets	-	(1.12)	13.36
- Due to financial assumptions	(10.16)	-	(10.16)
- Due to experience adjustments	(81.40)	-	(81.40)
Total amount recognised in other comprehensive income	(91.55)	(1.12)	(78.19)
Employer contributions	(102.00)	(272.17)	(272.17)
Benefit payments	130.16	228.69	-
March 31, 2018	1,202.04	1,064.66	137.38

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018	1,202.04	1,064.66	137.38
Current service cost	96.69	-	96.69
Interest expense/(income)	76.16	81.98	(5.82)
Total amount recognised in Profit and Loss	172.85	81.98	90.87
Remeasurements			
- Return on plan assets	-	(15.59)	15.59
- Due to financial assumptions	10.07	-	10.07
- Due to experience adjustments	177.44	-	177.44
Total amount recognised in other comprehensive income	187.50	(15.59)	203.10
Employer contributions	-	175.10	(175.10)
Benefit payments	(419.79)	(419.79)	-
March 31, 2019	1,142.60	886.35	256.25

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. Thus the composition of each major category of plan assets has not been disclosed.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of funded obligations	1,143	1,202
Fair value of plan assets	886	1,065
Deficit of funded plans	256	137

The significant actuarial assumptions used are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.70%	7.75 - 8.00%
Salary escalation	4.00 - 6.00%	4.00 - 6.00%
Expected return on plan assets	7.70%	7.75%
Withdrawal rate	1.00-8.00%	1.00-8.00%
Mortality rate	In accordance with standard table Indian Assured Lives Mortality (2006-08) ultimate	

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

Assumption	Increase/(decrease)	Assumption Rate	Amount of increase/(decrease) in defined benefit obligations as at March 31, 2019
Discount rate	Increase by	1%	587.79
Discount rate	Decrease by	1%	722.21
Salary escalation	Increase by	1%	725.82
Salary escalation	Decrease by	1%	583.25
Withdrawal rate	Increase by	1%	654.21
Withdrawal rate	Decrease by	1%	647.78



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

The above sensitivity analyses are based on reasonably possible changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The plan liabilities are calculated using a discount rate set with reference to government bonds. If the plan assets underperform this yield, this will create a deficit. The plan asset investments is with the Life Insurance Corporation of India which administers the fund. The investments are expected to earn a return in excess of the discount rate and reduce plan deficit.

The maturity profile of gratuity liability is as follows:

Year	As at March 31, 2019	As at March 31, 2018
Less than a year	177.63	57.76
Between 1 to 2 years	296.68	165.83
Between 2 to 5 years	417.78	635.47
More than 5 years	797.68	627.04

The weighted average duration of the defined benefit obligation is 5.02 to 9.82 years (March 31, 2018 - 5.37 to 10.09 years).

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

(v) Post-employment define contribution plan

During the year, an amount of ₹ 67 lakhs (Year ended March 31, 2018: ₹ 70 lakhs) has been recognised as expenditure towards defined contribution provident fund of the group.

(vi) Provident Fund

The Company has an obligation to fund any shortfall on the yield of the trust's investments compared to the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases, the actual return earned by the company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by the Actuarial Society of India and based on the assumptions provided below, there is no shortfall as at March 31, 2019 and March 31, 2018.

In accordance with actuarial valuation done for interest rate guarantee, the fund has sufficient assets against the defined benefit liability and hence no further liability arises for interest rate guarantee.

Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic approach:

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.70%	7.75%
Guaranteed interest rate	8.65%	8.55%
Expected average remaining working life (in years)	11.26	8.55-11.15

The Group contributed ₹ 460 lakhs and ₹ 471 lakhs during the years ended March 31, 2019 and March 31, 2018, respectively, and the same has been recognised in the Statement of Profit and Loss under the head employee benefit expenses.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Risks arising from defined benefit obligations

The defined benefit obligation plans typically expose the group to actuarial risks i.e. investment risk, interest risk, longevity risk and salary risk.

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

Interest risk: A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan assets.

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

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

14 CURRENT TAX LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Tax Receivable (net of provision)		
Opening balance	-	24.76
Add: Excess provision for earlier years written back	-	-
Less: Other Adjustments	-	(24.59)
Closing balance	-	0.17

15 OTHER LIABILITIES

Advance from customers	36,957.34	56,923.63
Statutory tax payables	518.22	3,319.09
Due to Customers (refer note 35)	11,619.93	4,652.48
Dividend Distribution Tax on preference dividend	68.71	45.66
Benevolent fund	106.42	97.82
Others	-	2.16
Total Other Liabilities	49,270.63	65,040.84
Current	48,949.20	64,672.84
Non-current	321.43	368.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

16 REVENUE FROM OPERATIONS

The group derives the following types of revenue:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sale of equipments & contract revenue	1,71,810.99	1,65,434.85
Sale of services	1,240.52	2,283.00
Other operating revenue	1,089.83	1,069.20
Total revenue from operations	1,74,141.34	1,68,787.05

17 OTHER INCOME AND OTHER GAINS/(LOSSES)

(a) Other income

Interest income from financial assets measured at amortised cost	1,494.05	2,038.00
Gain on disposal of Investment in Subsidiary	-	1,201.27
Interest income	843.87	768.14
Rental income	-	3.00
Net gain on sale of tangible assets (net)	-	2.00
Provision no longer required written back	394.87	-
Interest Income from Debentures	103.18	-
Interest income on fair valuation of revenue	6,142.89	2,833.57
Employment credit	-	0.42
Wage credit grant	-	0.24
Dividend income from investments mandatorily measured at fair value through profit and loss	0.22	0.03
Expected credit loss on trade receivables and due from customers written back	5,729.12	7,138.23
Net foreign exchange gain	0.91	424.52
Corporate guarantee commission	147.35	147.35
Advance from customers written back	111.70	-
Liabilities no longer required written back	390.38	186.00
Provision for anticipated losses written back	374.50	257.00
Profit on sale of fixed assets (net)	4.53	-
Miscellaneous income	118.13	403.32
Total other income	15,855.71	15,403.09

(b) Other gains/(losses)

Net gain/(loss) on sale of investments	21.54	-
Fair value (losses)/gains on derivatives not designated as hedges	(35.50)	(168.10)
Net gain/(loss) on financial assets (investments) measured at fair value through profit or loss	(33.17)	24.93
Total Other Gains/(Losses)	(47.13)	(143.17)
Total Other income and other gains / (losses)	15,808.58	15,259.92

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

18 (A) COST OF MATERIALS CONSUMED

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Raw Materials at the beginning of the year	5,887.49	5,133.58
Add: Purchases	20,202.31	28,880.22
Less: Raw Materials at the end of the year	(4,955.25)	(5,887.49)
Total Cost of Raw Materials Consumed	21,134.55	28,126.31
Add: Consumption of bought out components	97,107.49	67,281.31
Total Cost of Materials consumed	1,18,242.04	95,407.62

18 (B) CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS AND STOCK-IN-TRADE

Opening balance		
Work-in progress	29,366.60	26,256.73
Finished goods	155.00	63.00
Total opening balance	29,521.60	26,319.73
Closing balance		
Work-in progress	28,338.75	32,143.72
Finished goods	-	155.00
Total closing balance	28,338.75	32,298.72
Total changes in inventories of work-in-progress and finished goods	1,182.85	(5,978.99)

19 EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus	11,382.01	11,977.08
Contribution to Provident and Other Funds	617.47	589.98
Workmen and Staff Welfare Expenses	1,150.88	929.55
Total Employee Benefits Expense	13,150.36	13,496.61

20 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Property, Plant and Equipment	2,284.47	3,032.27
Depreciation on Investment Properties	3.00	3.00
Amortisation of Intangible Assets	34.22	68.71
Total Depreciation and Amortisation Expense	2,321.69	3,103.98



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

21 OTHER EXPENSES

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of Stores and Spares	1,191.99	2,598.00
Fabrication and Other Charges	1,631.64	2,602.00
Power & Fuel	1,351.05	1,141.72
Rent	965.90	1,018.00
Repairs and Maintenance:		
Buildings	18.50	16.00
Plant and Machinery	88.44	90.45
Others	70.76	69.00
Professional Fees	472.62	505.64
Rental Expenses	77.63	75.76
Insurance	483.23	521.52
Auditors Remuneration	101.39	163.97
Director's Fees	12.50	15.09
Rates & Taxes	151.67	250.68
Cartage & Freight	2,439.86	4,749.59
Bank Charges	4,126.76	3,384.82
Professional Services	2,770.97	6,676.12
Travelling	1,646.98	2,322.70
Commission Expenses	88.01	155.00
Provision for Bad and Doubtful Debts	5,403.11	-
Bad Debts Written Off	271.44	1,435.79
Allowance for Doubtful Debts	1,987.38	-
Provision for Future Foreseeable Losses in Construction Contracts	273.62	(549.61)
Sundry Balances Written Off	-	20.64
Provision for Doubtful Advances	67.06	1,998.52
Advance written off	12.00	-
Net Foreign Exchange Loss	399.54	-
Provision for Impairment of Financial Assets	1,688.25	1,585.20
Loss on Change of Ownership	17,639.64	-
Project Development Cost	-	185.48
Miscellaneous Expenses	2,984.21	4,605.23
Total Other Expenses	48,416.14	35,637.31

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

22 FINANCE COSTS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest and finance charges on financial liabilities not at fair value through profit or loss	38,832.52	53,676.52
Interest on Debentures	103.38	1,429.22
Interest on Vehicle Loan	-	147.81
Interest on unsecured Loan	113.50	-
Discounting on fair valuation of financial instruments on amortised cost	1,410.29	-
Unwinding of discount on provisions	35.34	40.69
Other borrowing cost	-	34.00
Proposed dividend on redeemable preference share	112.13	112.13
Exchange differences regarded as an adjustment to borrowing costs	-	104.91
Total Finance Cost	40,607.16	55,545.28

23 INCOME TAX EXPENSE

This note provides an analysis of the group's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the group's tax positions.

(a) Income tax expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax		
Current tax on profits for the year	-	-
Excess provision of earlier years written back	-	-
Total Current Tax Expense	-	-
Deferred tax		
Decrease (increase) in deferred tax assets	(8,765.94)	(14,366.09)
(Decrease) increase in deferred tax liabilities	9,868.04	(290.00)
Total deferred tax expense/(benefit)	1,102.10	(14,656.09)
Total	1,102.10	(14,656.09)

The effective tax rate and the applicable tax rates for recognition of deferred tax income is same. The applicable tax rate is based on the enacted tax rates.

The Group has recognised deferred tax assets on carried forward tax losses. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plan and budget for the Group. The Group is expected to generate taxable income from 2019-20 onwards.

(b) Unused tax losses for which no Deferred Tax Assets is recognised in Balance Sheet

Particulars	Base Amount	Deferred Tax
Tax losses (business loss on which no tax asset is created)		
Assessment Year 2018-19	12581.78	4354.30
Assessment Year 2019-20	30266.07	10576.18
Total	42847.85	14930.48



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

24 CAPITAL MANAGEMENT

Capital management

The Group strives to manage its capital efficiently with a view to safeguard its ability to continue as a going concern and to bring returns to its shareholders and stakeholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day to day needs. The amount of capital in proportion to risk is considered for capital structure management in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor's, creditors and market confidence and to sustain future developments and growth of its business.

Loan Covenants

Under the terms of the major borrowing facilities, the Group is required to comply with various financial covenants. The Group has not complied with some of the covenants during the year as well as previous year.

25 RISK MANAGEMENT

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

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

(A) Credit Risk

Credit risk arises from Cash and Cash Equivalents, investments and other financial assets carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and due from customers.

(i) Credit Risk Management

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

VL1: High-quality assets, negligible credit risk

VL2: Quality assets, low credit risk

VL3: Standard assets, moderate credit risk

VL4: Substandard assets, relatively high credit risk

VL5: Low quality assets, very high credit risk

VL6: Doubtful assets, credit impaired

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

Financial Assets are written off when there is no reasonable expectations of recovery, such as debtor failing to engage in a repayment plan with the Group or where payor/borrower does not have financial capability to repay its debts.

Where loans or receivables have been written off, the group continues to engage in enforcement activities to attempt

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

to recover the receivable due.

(ii) Provision for expected credit losses

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

(a) Expected credit loss for Loans & Investments, Expenses Recoverables and other Financial Assets

Particulars	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,362.85		1,362.85
		Investments	VL1	96.62		96.62
		Expenses Recoverable	VL1	14,461.21		14,461.21
		Others	VL1	3,964.32		3,964.32
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	2.00	100%	2.00
						-

(b) Expected credit loss for trade receivables and due from customers under simplified approach

Particulars	Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	VL3	20,209.43	1,88,036.13
Expected credit losses (Loss allowance provision)		687.10	12,396.33
Carrying amount (net of impairment)		19,522.33	1,75,639.80

During the year, the parent has made provision for bad and doubtful debts for trade receivables wherein it does not expect to receive future cash flows Rs. 5,403.11 lakhs.

During the previous year, the parent had made write offs of trade receivables wherein it did not expect to receive future cash flows Rs. 2,652.10 lakhs.

During the year, the parent has made write offs of expenses recoverable wherein it does not expect to receive future cash flows Rs. Nil (March 31, 2018: Rs. 2,292.17 lakhs)

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 2018

(a) Expected credit loss for loan, investments, expenses recoverable and other financial assets

Particulars		Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	VL1	1,715.34	-	-	1,715.34
		Investments	VL1	319.01	-	-	319.01
		Expenses Recoverable	VL1	17,049.05	-	-	17,049.05
		Others	VL1	4,587.55	-	-	4,587.55
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	Security deposits	VL6	2.00	100%	2.00	-

(b) Expected credit loss for trade receivables and due from customers under simplified approach

Particulars		Internal credit rating	Due from customer	Trade Receivables
Gross carrying amount	Loss allowance measured at life-time expected credit losses	VL3	1,31,893.30	1,90,121.94
Expected credit losses (Loss allowance provision)			5,753.30	8,615.10
Carrying amount (net of impairment)			1,26,140.00	1,81,506.84

(iii) Reconciliation of loss allowance provisions - Security deposits

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance as on March 31, 2017	-	-	4.00
Add/ (Less): Changes in loss allowances due to Recoveries	-	-	(2.00)
Loss allowance as on March 31, 2018	-	-	2.00
Add/ (Less): Changes in loss allowances due to Recoveries	-	-	-
Loss allowance as on March 31, 2019	-	-	2.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(iv) Reconciliation of loss allowance provision - Trade receivables & due from customers (under simplified approach)

Particulars	Trade Receivables	Due from customers	Total Loss Allowance
Loss allowance as on March 31, 2017	9,451.78	11,791.86	21,243.65
Changes in loss allowance	(836.68)	(6,038.55)	(6,875.23)
Loss allowance as on March 31, 2018	8,615.10	5,753.31	14,368.41
Changes in loss allowance	3,781.23	(5,066.20)	(1,284.97)
Loss allowance as on March 31, 2019	12,396.33	687.11	13,083.44

Significant estimates and judgements

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, industry practices existing market conditions and business environment as well as forward looking estimates at the end of each reporting period.

(B) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close net market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring Balance Sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Maturity of Financial Liability

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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

Contractual maturities of financial liabilities (March 31, 2019)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings	2,18,272.32	4,572.00	11,110.96	2,33,955.28
Interest Accrued	1,850.49	-	-	1,850.49
Trade Payables	56,706.62	3.40	-	56,710.02
Capital Creditors	33.52	-	-	33.52
Employee Benefits payable	1,697.51	-	-	1,697.51
Lease Equalisation	-	-	438.71	438.71
Security Deposits	90.29	-	-	90.29
Dividend Accrued on Preference Shares	336.37	-	-	336.37

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Contractual maturities of financial liabilities (March 31, 2019)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Unpaid Dividends	9.50	-	-	9.50
Overdrawn current accounts	46.92	-	-	46.92
Others	1,573.06	-	-	1,573.06
Total non derivative financial liabilities	2,80,616.62	4,575.40	11,549.67	2,96,741.69

Contractual maturities of financial liabilities (March 31, 2018)	Less than 12 months	12 months to 24 months	More than 24 months	Total
Non Derivatives				
Borrowings	3,34,189.97	16,826.41	24.97	3,51,041.35
Interest Accrued	3,157.26	-	-	3,157.26
Trade Payables	95,418.00	38.12	-	95,456.12
Capital Creditors	75.44	-	-	75.44
Employee Benefits payable	2,923.26	-	-	2,923.26
Lease Equalisation	-	-	365.63	365.63
Security Deposits	90.54	-	-	90.54
Dividend Accrued on Preference Shares	-	224.25	-	224.25
Unpaid Dividends	13.76	-	-	13.76
Others	1,666.66	-	-	1,666.66
Total non derivative financial liabilities	437534.89	17088.78	390.60	455014.27

(C) Market risk

(i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to the USD and EUR. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the group's functional currency (₹). The risk is measured through the expected foreign currency cash flows based on the Group's receipt and repayment schedule for recognised assets and liabilities denominated in a currency other than ₹. The objective of the hedging is to minimize the volatility of the INR cash flows of such recognised assets and liabilities.

(a) Foreign currency risk exposure:

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ is as follows

Particulars	March 31, 2019			March 31, 2018		
	USD	EUR	ZAR	USD	EUR	ZAR
Financial assets						
Trade receivables	-	393.60	-	1.00	406.61	-
Derivative financial assets	-	-	-	-	-	-
Net exposure to foreign currency risk (assets)	-	393.60	-	1.00	406.61	-
Financial liabilities						
Foreign currency loan (including interest)	609.26	-	-	1,146.25	-	-
Trade payables	99.05	215.72	3.90	1,036.51	196.71	4.53
Payable to associates	-	-	-	-	1.47	-
Foreign exchange forward contracts Buy foreign currency	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	708.32	215.72	3.90	2,182.76	198.18	4.53

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

At the end of the reporting period the total notional amount of outstanding foreign currency forward contracts that the Group has committed to is USD NIL lakhs (March 31, 2018: USD 32.36 lakhs).

(b) Sensitivity:

Particulars	Increase/(Decrease) in profit after tax	
	March 31, 2019	March 31, 2018
USD sensitivity		
INR/USD -Increase by 5% (March 31, 2018-5%)*	(35.42)	(7,145.25)
INR/USD -Decrease by 5% (March 31, 2018-5%)*	35.42	7,145.25
EUR sensitivity		
INR/EUR-Increase by 5% (March 31, 2018-5%)*	8.89	836.05
INR/EUR-Decrease by 5% (March 31, 2018-5%)*	(8.89)	(836.05)
ZAR sensitivity		
INR/ZAR-Increase by 5% (March 31, 2018-5%)*	(0.19)	(1.54)
INR/ZAR-Decrease by 5% (March 31, 2018-5%)*	0.19	1.54

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During March 31, 2018 and March 31, 2019, the group's borrowings at variable rate were mainly denominated in INR and USD.

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

(a) Interest rate risk exposure

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

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowing	2,11,103.84	2,14,021.87
Fixed rate borrowings	22,851.45	1,18,468.53
Total borrowings	2,33,955.29	3,32,490.40

The Group has not entered into interest rate swaps to hedge against fluctuating market interest rates.

* Including interest free ICDs of Rs. 11,110.96 lakhs arising due to conversion of amount received from certain companies in to long term borrowings. Refer note no 44

(b) Sensitivity

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

Particulars	Increase/(Decrease) in profit after tax	
	March 31, 2019	March 31, 2018
Interest rates increase by 50 basis points (50 bps) *	(171.19)	(193.19)
Interest rates decrease by 50 basis points (50 bps) *	171.19	193.19

* Holding all other variables constant

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

26 FAIR VALUE MEASUREMENTS

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2019, and March 31, 2018.

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Investments						
- Equity instruments	30.45	-	-	56.83	-	-
- Mutual funds	66.17	-	-	262.18	-	-
Trade Receivables	-	-	1,75,639.80	-	-	1,81,506.84
Loans	-	-	1,362.85	-	-	1,715.34
Cash and Cash Equivalents	-	-	4,167.94	-	-	9,844.42
Other Bank Balances	-	-	4,627.28	-	-	2,669.23
Derivative financial assets	-	-	-	35.50	-	-
Security deposits	-	-	418.25	-	-	398.26
Advance to Employees	-	-	70.14	-	-	54.84
Due from customers	-	-	19,522.33	-	-	1,26,140.00
Due from associate	-	-	-	-	-	1,392.90
Unbilled Revenue	-	-	604.92	-	-	631.00
Sale of Shares receivable (Lok Kalyan Trust)	-	-	-	-	-	144.66
Deposits with bank	-	-	2,490.08	-	-	186.39
Interest Receivable	-	-	-	-	-	760.98
Advances to related parties	-	-	-	-	-	686.41
Expenses Recoverable	-	-	14,461.21	-	-	17,049.05
Others	-	-	380.92	-	-	332.12
Total financial assets	96.62	-	2,23,745.73	354.51	-	3,43,512.44
Financial liabilities						
Borrowings	-	-	2,33,955.28	-	-	3,51,041.35
Interest accrued	-	-	1,850.49	-	-	3,157.27
Derivative financial liabilities	-	-	-	-	-	-
Trade payables	-	-	56,710.02	-	-	95,456.12
Overdrawn current account	-	-	46.92	-	-	-
Capital creditors	-	-	33.52	-	-	75.44
Employee Benefits payable	-	-	1,697.51	-	-	2,923.26
Lease equalisation	-	-	438.71	-	-	365.63
Security deposits	-	-	90.29	-	-	90.54
Dividend Accrued on Preference Shares	-	-	336.37	-	-	224.25
Unpaid dividends	-	-	9.50	-	-	13.76
Others	-	-	1,573.06	-	-	1,666.65
Total financial liabilities	-	-	2,96,741.69	-	-	4,55,014.28

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value At March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVTPL				
Listed equity investments	30.45	-	-	30.45
Mutual funds	-	66.17	-	66.17
Derivatives not designated as hedges				
Foreign exchange forward contract	-	-	-	-
Total financial assets	30.45	66.17	-	96.62

Assets and liabilities which are measured at amortised cost for which fair values are disclosed At March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments at FVPL				
Listed equity investments	56.83	-	-	56.83
Mutual funds	-	262.18	-	262.18
Derivatives not designated as hedges				
Foreign exchange forward contract	-	35.50	-	35.50
Total financial assets	56.83	297.68	-	354.51

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

Level 2: Inputs other than quoted price included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of financial instruments that are not traded in an active market is determined using market approach and valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Derivatives are valued using valuation techniques with market observable inputs such as foreign exchange spot rates and forward rates at the end of the reporting period, yield curves, risk free rate of returns, volatility etc., as applicable.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value. There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has not classified any material financial instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

(iii) Fair value of the Financial Asset and Liabilities measured at Amortised Cost

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Security deposits	418.25	418.25	398.25	398.25
Due from customers	19,522.33	19,522.33	1,26,140.00	1,26,140.00
Trade receivables	1,75,639.80	1,75,639.80	1,81,506.84	1,81,506.84
Expenses Recoverable	14,461.21	14,461.21	17,049.05	17,049.05
Total financial assets	2,10,041.59	2,10,041.59	3,25,094.14	3,25,094.14
Financial liabilities				
Borrowings	2,33,955.28	2,33,955.28	3,51,041.35	3,51,041.35
Total financial liabilities	2,33,955.28	2,33,955.28	3,51,041.35	3,51,041.35

Short-term financial assets and liabilities are stated at carrying value which is equal to their fair value.

The carrying amount of loans, advance to employees, cash and cash equivalents, other financial assets, trade payables, interest accrued, book overdraft in current accounts, capital creditors, employee benefits payable, security deposits, dividend accrued on preference shares, unpaid dividend and others are considered to be the same as their fair value, due to their short term nature.

Initial recognition of short term financial assets and liabilities are at fair value with subsequent measurement at amortised cost.

27 RELATED PARTY TRANSACTIONS

As required by Ind AS 24, Related Party Disclosures are given below:

(a) Subsidiaries

- (i) McNally Sayaji Engineering Limited (MSEL)
- (ii) McNally Bharat Equipments Limited (MBEL)
- (iii) MBE Mineral Technologies Pte Limited
- (iv) MBE Minerals Zambia Limited
- (v) McNally Bharat Engineering (SA) Proprietary Ltd (deregistered w.e.f. June 30, 2017)
- (vi) Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. August 29, 2018)

(b) Joint Venture of the Company

- (i) EMC MBE Contracting Company LLC

(c) Entity having significant influence over the company

- (i) EMC Limited (ceased to have significant influence w.e.f March 28, 2018)

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

- (ii) Williamson Magor & Co. Limited (ceased to have significant influence w.e.f March 31, 2018)

(d) Subsidiaries of MBE Mineral Technologies Pte Limited

- (i) MBE EWB Technologies Kft (ceased to be subsidiary of MBE Mineral Technologies Pte Limited from August 14, 2017)

(e) Subsidiaries of McNally Sayaji Engineering Limited

- (i) MBE Coal & Minerals Technology India Private Limited

(f) Subsidiary of Vedica Sanjeevani Projects Private Limited (ceased to be subsidiary w.e.f. August 29, 2018)

- (i) Christopher Estates Private Limited (ceased w.e.f. August 29, 2018)

(g) Associate of MBE Mineral Technologies Pte Limited

- (i) MBE Coal & Minerals Technologies GmbH

(h) Post employment benefit plan of the Company

- (i) McNally Bharat Executive Staff Gratuity Fund
- (ii) McNally Bharat Employees Provident Fund

(i) Key Management Personnel

- (i) Mr. Aditya Khaitan - Chairman
- (ii) Mr. Srinivash Singh - Managing Director
- (iii) Mr. Manoj Kumar Digga, Chief Financial Officer (Appointed w.e.f July 14, 2018)
- (iv) Mr. Indranil Mitra - Company Secretary (appointed w.e.f. April 24, 2017)
- (v) Ms. Arundhati Dhar - Independent Director
- (vi) Mr. A.K Barman - Independent Director
- (vii) Mr. Amritanshu Khaitan - Non-Executive Director (resigned w.e.f December 17, 2018)
- (viii) Mr. Prasanta Kumar Chandra - Whole-time Director & COO (resigned w.e.f. August 17, 2017)
- (ix) Mr. Prabir Ghosh- Whole-time Director (resigned w.e.f. August 17, 2017)
- (x) Mr. Lalit Khaitan - Chief Financial Officer (appointed w.e.f. April 01, 2017 and resigned w.e.f. March 31, 2018)
- (xi) Mr. P.H Ravikumar - Independent Director (resigned w.e.f. June 25, 2017)
- (xii) Mr. Manish Agarwal - Non-Executive Director (resigned w.e.f. September 07, 2017)
- (xiii) Mr. P.S. Bhattacharya - Independent Director (resigned w.e.f February 20, 2019)
- (xiv) Mr. V.K. Verma -Independent Director (resigned w.e.f April 23, 2019)



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

27 RELATED PARTY DISCLOSURES (CONTINUED)

The following transactions were carried out with Related Parties in the ordinary course of business:

Description	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	Williamson Magor & Co. Limited**
Loan Taken	-	-	-
	-	-	(35,989.00)
Loans repaid	-	-	-
	-	-	(35,869.00)
Provision for impairment in value of investments	152.31	-	-
	-	-	-
Impairment in value of advances	67.06	-	-
	-	-	-
Interest Paid	-	-	-
	-	-	(2,011.75)

Balances Outstanding as at March 31, 2019

Description	EMC MBE Contracting Co LLC	MBE Coal & Mineral Technologies GmbH	Williamson Magor & Co. Limited**
Investment at the year end	152.31	-	-
	(152.31)	-	-
Provision for impairment in value of investments	152.31	-	-
	-	-	-
Outstanding payables	-	1.43	-
	-	(1.47)	-
Outstanding Receivables	67.06	-	-
	(62.94)	-	-
Allowance for doubtful receivables	67.06	-	-
	-	-	-

Brackets indicate figures for previous year

* Refer Note no. 30.

** The amount outstanding as at March 31, 2019 and March 31, 2018 with respect to Williamson Magor & Co. Limited have not been disclosed as it ceased to be a related party w.e.f March 31, 2018. Transactions upto the date of cessation have been disclosed.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Transactions with Key Managerial Personnel	2018-19			2017-18		
	Remune- ration	Sitting fees	Outstanding Balance payable as at year end	Remune- ration	Sitting fees	Outstanding Balance payable as at year end
Mr. Srinivash Singh	220.09	-	11.29	220.03	-	11.98
Mr. Manoj Kumar Digga	109.48	-	9.29	-	-	-
Mr. Prasanta Kumar Chandra	-	-	27.25	67.17	-	27.25
Mr. Prabir Ghosh	-	-	16.26	47.05	-	16.26
Mr. Lalit Khaitan	-	-	-	79.00	-	4.23
Mr. Indranil Mitra	28.00	-	1.59	26.23	-	1.82
Mr. Aditya Khaitan	-	1.20	-	-	0.80	-
Mr. Amritanshu Khaitan	-	0.40	-	-	1.00	-
Mr. V.K. Verma	-	1.60	-	-	1.20	-
Mr. P.H Ravikumar	-	-	-	-	0.20	-
Ms. Arundhati Dhar	-	3.60	-	-	2.20	-
Mr. Manish Agarwal	-	-	-	-	0.40	-
Mr. A.K Barman	-	3.00	-	-	2.20	-
Mr. P.S. Bhattacharya	-	1.00	-	-	0.60	-

Remuneration includes	2018-19		2017-18	
	Short term employee benefits	Post employment benefits	Short term employee benefits	Post employment benefits
Mr. S. Singh	220.09	-	220.03	-
Mr. Manoj Kumar Digga	104.61	4.87	-	-
Mr. Prasanta Kumar Chandra	-	-	64.81	2.36
Mr. Prabir Ghosh	-	-	44.69	2.36
Mr. Lalit Khaitan	-	-	75.75	3.25
Mr. Indranil Mitra	26.79	1.21	25.16	1.07

Note:

This does not include the impact of provision made on actuarial valuation of retirement benefit/ long term Schemes and provision made during the year towards Post employment benefits as the same are not separately ascertainable for individual directors.

Details of contribution to post employment benefit plans

Remuneration includes	2018-19	2017-18
McNally Bharat Executive Staff Gratuity Fund	221.17	45.96
McNally Bharat Employees Provident Fund	338.13	337.00



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

28 COMMITMENTS

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	Year end March 31, 2019	Year ended March 31, 2018
Property, Plant and Equipment (Net of advances)	49.57	51.87

(b) Cancellable operating leases

One of the subsidiaries has leasing arrangements in respect of operating leases for premises (residential, office, etc.). These leasing arrangements which are cancellable are for a period of 3 years, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals of Rs. 57 lakhs (31.03.2018 : Rs. 62 lakhs) paid/payable are charged as Rent under Other Expenses.

29 NON-CANCELLABLE OPERATING LEASES

The Parent has entered into non-cancellable operating leases for various office premises. These leases have varying terms, escalation clauses and renewal rights.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	440.28	427.00
Later than one year but not later than five years	183.45	183.45

Rental expense relating to operating leases

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total rent expense relating to operating leases	965.90	1,018.00

30

MBE Minerals Technology Pte Ltd (MBEMT), a wholly owned subsidiary has sold its entire 99% stake in MBE EWB Kft to MBE CMT GmbH, its associate company, for Rs. 1,375.50 lacs (USD 2.1 million) on August 14, 2017 through sale agreement pursuant to which 75% of the consideration was to be received by December 31, 2017 and remaining 25% was to be received by March 31, 2018. MBEMT has not received any consideration by the specified dates, the settlement date for the consideration had been extended to September 30, 2018 vide an addendum to the agreement dated March 27, 2018. Due to non-receipt of such consideration, MBE Minerals Technology Pte Ltd (MBEMT) has impaired the same in the current financial year ended March 31, 2019.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

31 CONTINGENT LIABILITIES

The details of contingent liabilities is as under:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Claims against the company not acknowledged as debt	36,383.03	9,069.00
Other money for which the Group is contingently liable:		
Indirect tax matters relating to excise duty, service tax, sales tax and value added tax	32,646.90	17,226.09
Income Tax matter pending in appeal relating to disputes regarding the taxable value and the deduction claimed	1,095.42	946.35
Other demands related to claims made by certain ex-employees towards employee benefits due to them	-	137.00
Liquidated damages relating to contract sales	Amount not readily ascertainable	Amount not readily ascertainable

It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters above pending resolution of the arbitration/apellate proceedings.

The banks have issued guarantees on behalf of the Parent to various parties for performance, security and earnest money deposit aggregating to Rs. 91,051.87 lakhs as on March 31, 2019 (Rs. 191,639.00 lakhs as on March 31, 2018) for which the Parent is contingently liable for payment not included above.

Tata Capital Financial Services Limited (TCFSL) has preferred commercial arbitration petition before the Hon'ble Bombay High Court during the year demanding early redemption of Non-Convertible Redeemable Preference Shares due to breach of various financial covenants therein for their outstanding balance of Rs. 2,831.63 Lakhs along with 100% liquidation damages, and have also classified their investment as a Non-Performing Asset as per the Reserve Bank of India's guidelines. The Arbitrator is yet to issue directions in the matter.

During the year, the Director General of GST Intelligence (DGGI) Kolkata had conducted investigation at the Corporate Office of the Parent and denied Input Tax Credit of Rs. 945.04 Lakhs availed by them. Pending adjudication of the matter, the Parent has included the Input Tax Credit in Note- 10 under Balance with Statutory/Government authorities.

32

Details of future foreseeable losses under construction contracts

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provision for future foreseeable losses	972.62	699.01

33

The Group's financial performance have been adversely affected due to downturn of the infrastructure and core sector, working capital constraints and external factors beyond the Group's control due to which the Group has not been able to meet its financial commitments /covenants to lenders and various other stakeholders. The Parent and one of it's subsidiary have submitted its resolution plan to its lenders who are actively considering the resolution process outside National Company Law Tribunal. The Parent and one of it's subsidiary has initiated various processes as specified under the Reserve of Bank of India's guidelines and most of these processes have already been completed. The Parent and one of it's subsidiary has also been given investment grade rating by the Credit Rating agency on the scenario considered under

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

the resolution plan. On the basis of these developments, the Group is hopeful that the restructuring proposal of the group will be approved shortly. Additionally, the group is taking various measures, including cost cutting, which shall improve its operational efficiencies. The Management is confident that with lenders support on the Resolution and various other measures, the group will be able to generate sufficient cash flows through profitable operations improving its net worth and net working capital to discharge its short term and long term liabilities. Hence, Consolidated Financial Statements have been prepared on a going concern basis.

34 EXCESS REMUNERATION PAID TO KEY MANAGERIAL PERSONNEL

- (A) Waiver of recovery of excess managerial remuneration amounting to Rs. 220.09 Lakhs (Previous year Rs. 220.03 Lakhs) paid/payable to the Managing Director for which the Parent is in the process of obtaining approval from the banks to whom default in repayment of dues was made and from the shareholders of the Parent in terms of section 197(17) of the Companies Act, 2013.
- (B) Excess managerial remuneration paid for which the Parent has decided to recover the excess remuneration paid / payable amounting to Rs. 40.82 to erstwhile one whole time director for the financial year ended March 31, 2018, superseding its earlier decision and approval of Shareholders of the Parent for wavier. The Parent would initiate steps for necessary approval for recovery of such amount. The Parent is in the process of obtaining necessary approvals for the same.

35 DISCLOSURE FOR CONSTRUCTION CONTRACTS

The details as required in respect of construction contracts under Ind AS 115 are as under:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contract costs incurred	17,33,034.96	16,11,734.85
Add : Recognised profit net of recognised losses	(34,380.00)	(2,746.61)
Contract Revenues*	16,98,654.96	16,08,988.24
Progress Billing	15,88,076.69	14,80,945.88
Unbilled Revenue (Net)#	9,353.91	1,28,042.36
Due from Customers	20,989.37	1,32,699.32
Less: Allowance for doubtful amount	509.95	5,864.79
Less: Provision for future foreseeable losses	957.09	694.53
Net Due from Customers	19,522.33	1,26,140.00
Due to Customers	(11,635.46)	(4,656.96)
Add: Provision for future foreseeable losses	15.53	4.48
Net Due to Customers	(11,619.93)	(4,652.48)
Advance payments received	20,696.49	52,945.35
Retention amount	62,106.98	70,637.95
Provision for future foreseeable losses recognised	972.62	699.01

Sale of equipments and contract revenue in respect of construction contracts as reported in this Consolidated Financial Statements are 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 Group 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.

The Group has made provision, as required under the Indian Accounting Standards, for material foreseeable losses on long term contracts.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

The Group has made revisions in the cost to complete certain projects during the year as part of their periodical review of cost estimates.

* The Group has adopted Ind AS 115 "Revenue from contract with customers" using the modified retrospective approach resulting in a transition impact of Rs. 212.27 Lakhs on revenue which has been disclosed under Note 11(b)(iv).

After adjustment of amount received from assignment of unbilled revenue to certain companies amounting to Rs.101,224.56 lakhs in the normal course of business.

36 INTEREST IN OTHER ENTITIES

(a) Interest in Subsidiaries

The group's subsidiaries as at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non controlling interests	
		Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
		%	%	%	%
i) McNally Sayaji Engineering Limited	India	81.56	82.05	18.44	17.95
ii) McNally Bharat Equipments Limited	India	99.40	99.40	0.60	0.60
iii) MBE Minerals Zambia Limited	Zambia	99.99	99.99	0.01	0.01
iv) MBE Mineral Technologies Pte Limited	Republic of Singapore	100.00	100.00	-	-
v) MBE Coal & Mineral Technology India Pvt Ltd	India	82.04	82.04	17.96	17.96
vi) Vedica Sanjeevani Projects Private Limited	India	-	60.00	-	40.00
vii) Christopher Estates Private Ltd	India	-	60.00	-	40.00

(b) Interest in Associate

Set out below is the associate of the Group as at March 31, 2019 which has share capital consisting solely of equity shares and are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Consolidated Financial Statements also include the Group's interest in the following Associate Company accounted for under equity method based on their financial statement.

Name of entity	Place of business/ country of incorporation	Proportion of Ownership		Carrying Amount	
		Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
		%	%	₹ Lakhs	₹ Lakhs
i) MBE Coal & Mineral Technology GmbH (Associate of MBE Mineral Technologies Pte Limited)	Germany	-	30.00%	-	1,180.96



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(c) Interest in Joint Venture

Set out below is the joint venture of the Group as at March 31, 2019, which has share capital consisting solely of equity shares and are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The Consolidated Financial Statements also include the Group's interest in the following Associate Company accounted for under equity method based on their financial statement.

Name of entity	Place of business/ country of incorporation	Proportion of Ownership		Carrying Amount	
		Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
		%	%	₹ Lakhs	₹ Lakhs
i) EMC MBE Contracting Co LLC	Oman	35.00%	35.00%	-	105.99

37 EARNINGS PER SHARE

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Basic earnings per share		
Profits/(Losses) attributable to the equity holders of the group	(78,514.34)	(46,164.82)
Total basic earnings per share attributable to the equity holders of the group	(36.94)	(31.81)
(b) Diluted earnings per share		
Profits/(Losses) attributable to the equity holders of the group	(78,514.34)	(46,164.82)
Total diluted earnings per share attributable to the equity holders of the group	(36.94)	(31.81)

(c) Reconciliations of earnings used in calculating earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Basic earnings per share		
Profit attributable to the equity holders of the group used in calculating basic earnings per share		
Total comprehensive income for the year	(78,514.34)	(46,164.82)
Adjustment of redemption premium in case of redeemable preference shares from securities premium	-	-
	(78,514.34)	(46,164.82)
Diluted earnings per share		
Profit from continuing operations attributable to the equity holders of the group:		
Used in calculating basic earnings per share	(78,514.34)	(46,164.82)
Add/less: adjustments on dilutive potential equity shares	-	-
Used in calculating diluted earnings per share	(78,514.34)	(46,164.82)
Profit attributable to the equity holders of the Group used in calculating diluted earnings per share	(78,514.34)	(46,164.82)

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

(d) Weighted average numbers of shares used as denominator

Particulars	31-Mar-19 Number of shares	31-Mar-18 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	21,25,70,757	14,13,35,283
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	21,25,70,757	14,13,35,283

38 SEGMENT INFORMATION

The Group is primarily engaged in two business segments, viz. "Turnkey engineering" and "other engineering services" and predominantly operates in one Geographical segment. Accordingly, the Chief Operating decision maker has identified the business segment as the operating segment as per Indian Accounting Standard 108 on "Segment Reporting"

Particulars	As at March 31, 2019				Total
	McNally Bharat Engineering Company Ltd.	McNally Sayaji Engineering Ltd.	Others	Total Inter Company Eliminations	
Segment Revenue					
Turnkey engineering	1,51,585.20	268.75	-	-	1,51,853.95
Other engineering services	251.48	24,312.68	-	(2,276.76)	22,287.40
Revenue from operations (Refer Note 16)	1,51,836.68	24,581.43	-	(2,276.76)	1,74,141.34
Segment Results					
Profit/(Loss) from Turnkey engineering	(9,895.69)	(125.50)	-	(25,231.63)	(35,252.81)
Profit/(Loss) from other engineering services	-	1,451.52	(3,458.29)	-	(2,006.77)
Total	(9,895.69)	1,326.02	(3,458.29)	(25,231.63)	(37,259.58)
Less: i) Finance Cost	36,704.17	3,612.97	-	-	40,317.14
ii) Exceptional items	-	2,591.00	-	-	2,591.00
(Loss) before Tax	(46,599.85)	(4,877.95)	(3,458.29)	(25,231.63)	(80,167.74)
Segment Assets					
-Turnkey engineering	2,85,451.50	5,301.32	-	(7,637.46)	2,83,115.36
-Other engineering products	-	33,756.81	21,719.17	(35,901.57)	19,574.42
Total	2,85,451.50	39,058.13	21,719.17	(43,539.03)	3,02,689.78
Add: Unallocated Assets	57,271.44	6,632.35	-	-	63,903.79
Total Assets	3,42,722.94	45,690.48	21,719.17	(43,539.03)	3,66,593.57
Segment Liabilities					
-Turnkey engineering	87,630.26	4,182.19	-	20,966.10	1,12,778.55
-Other engineering products	-	11,516.75	1,980.15	(5,013.51)	8,483.39
Total	87,630.26	15,698.93	1,980.15	15,952.59	1,21,261.94
Add: Unallocated Liabilities	2,01,887.14	23,418.96	19,355.49	(18,384.56)	2,26,277.03
Total Liabilities	2,89,517.40	39,117.89	21,335.64	(2,431.97)	3,47,538.97

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	As at March 31, 2018				Total
	McNally Bharat Engineering Company Ltd.	McNally Sayaji Engineering Ltd.	Others	Total Inter Company Eliminations	
Segment Revenue					
Turnkey engineering	1,43,331.05	905.00	-	-	1,44,236.05
Other engineering services	-	24,551.00	-	-	24,551.00
Revenue from operations (Refer Note 16)	1,43,331.05	25,456.00	-	-	1,68,787.05
Segment Results					
Profit/(Loss) from Turnkey engineering	(5,702.69)	35.13		(2,453.60)	(8,121.16)
Profit/(Loss) from Other engineering products	-	(1,264.63)	(645.41)	4,336.67	2,426.64
Total	(5,702.69)	(1,229.50)	(645.41)	1,883.07	(5,694.52)
Less: i) Finance Cost	50,235.54	3,640.43	1,669.74	-	55,545.71
ii) Exceptional items	-	-	-	-	-
(Loss) before Tax	(55,938.23)	(4,869.93)	(2,315.15)	1,883.07	(61,240.23)
Segment Assets					
- Turnkey engineering	4,30,441.77	5,427.53		(30,645.03)	4,05,224.27
- Other engineering products	-	44,583.33	23,961.94	(4,979.11)	63,566.16
Total	4,30,441.77	50,010.86	23,961.94	(35,624.14)	4,68,790.43
Add: Unallocated Assets	63,177.40	1,387.14	-	-	64,564.54
Total Assets	4,93,619.17	51,398.00	23,961.94	(35,624.14)	5,33,354.97
Segment Liabilities					
- Turnkey engineering	1,51,069.91	3,942.13	-	(93.76)	1,54,918.28
- Other engineering products	-	15,618.79	1,774.81	(2,696.58)	14,697.01
Total	1,51,069.91	19,560.92	1,774.81	(2,790.35)	1,69,615.29
Add: Unallocated Liabilities	3,29,084.89	21,404.08	18,550.87	(17,085.16)	3,51,954.67
Total Liabilities	4,80,154.80	40,965.00	20,325.67	(19,875.51)	5,21,569.96

39 ASSETS PLEDGED AS SECURITY

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

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Current			
Financial assets			
Investments			
Trade Receivables	6(a)	1,74,056.57	1,83,978.45
Cash and Cash Equivalents	6(c)	4,167.94	9,588.88
Other Financial Assets	6(d)	34,974.05	1,44,246.43
Loans	6(b)	1,362.85	1,815.01
Non-financial assets			
Inventories	9	18,096.60	23,588.00
Other current assets	10(a)	40,905.21	39,255.56
Total current assets pledged as security		2,73,563.24	4,02,472.34

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Non-current			
Investments	5	96.62	5,262.18
Property, plant and equipment	3	17,736.21	19,269.63
Capital work in progress	3	503.51	462.48
Investment properties		364.42	378.00
Other intangible assets		51.06	34.00
Total non-currents assets pledged as security		18,751.82	25,406.29
Total assets pledged as security		2,92,315.06	4,27,878.62

Note:

Current assets are pledged for working capital loans and cash credit facilities.

Non-current assets are pledged under first charge for ECB from ICICI Bank Limited and as second charge for working capital loans.

Refer Note 12(a) and 12(b) for details of assets charged as security.

* Investments relating to Rs. 66.17 Lakhs were put to lien for Loan taken from L&T Finance Limited. The given loan has been fully repaid during the year, however lien against the investment pledged has not been satisfied till date. Parent is in the process of filing case against L&T Finance Limited for the same.

40 DUES TO MICRO AND SMALL ENTERPRISES

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Group. The disclosures relating to Micro and Small Enterprises are as below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(i) The Principal amount and interest due there on remaining unpaid to suppliers under MSMED Act, 2006		
Principal	528.52	301.76
Interest	177.49	84.11
(ii) The amount of interest paid in terms of section 16 of MSMED Act, 2006 along with the amount of payment made to suppliers beyond the appointed day during the year		
Principal	1,360.65	2,660.74
Interest	-	-
(iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding the interest specified under MSMED Act, 2006		
Principal	-	-
Interest	71.00	10.00
(iv) The amount of interest accrued and remaining unpaid at the end of the year	71.00	17.00



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED Act	33.00	29.00

41

As per the Scheme of Arrangement as sanctioned by the Hon'ble High Court at Calcutta vide its Order dated July 28, 2009 which was filed with the Registrar of Companies, West Bengal, Kolkata on September 01, 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, 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. April 01, 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.

42

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 Holding 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 Holding company has a legitimate claim of Rs. 1,517 lacs towards receivable and Rs.1,133 lacs on account of deposit against Performance Guarantee. Elsamex S.A. moved to arbitration and had claimed an amount of Rs.7,334 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 October 25, 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. 3,535 lacs is receivable by the Holding Company. A claim has already been lodged with PWD. PWD has preferred to challenge the verdict of the Arbitrators and has appealed to the Hon'ble High Court for a stay in the matter of payment of award money.

Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

43 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Name of the Entity in the Group	Net Assets (total assets minus liabilities)		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % Consolidated Net Assets	Amount (₹ Lakhs)	As a % Consolidated Profit or Loss	Amount (₹ Lakhs)	As a % Consolidated Other Comprehensive Income	Amount (₹ Lakhs)	As a % Consolidated Total Comprehensive Income	Amount (₹ Lakhs)
Parent								
McNally Bharat Engineering Company Limited								
31 March 2019	52.11%	8,872.44	87.91%	(69,506.71)	54.29%	(105.32)	87.83%	(69,612.03)
31 March 2018	133.88%	15,777.85	82.32%	(38,708.39)	171.10%	(101.07)	82.43%	(38,809.46)
Subsidiaries (Group's Share)								
McNally Sayaji Engineering Ltd Group								
31 March 2019	36.56%	6,225.11	6.79%	(5,365.36)	36.80%	(71.39)	6.86%	(5,436.74)
31 March 2018	-103.27%	(12,170.77)	5.65%	(2,658.94)	-53.22%	31.44	5.58%	(2,627.50)
MBE Mineral Technologies Pte Ltd.								
31 March 2019	-1.13%	(191.77)	4.40%	(3,476.40)	0.00%	-	4.39%	(3,476.40)
31 March 2018	24.02%	2,831.01	8.60%	(4,043.27)	0.00%	-	8.59%	(4,043.27)
McNally Bharat Infrastructure Ltd.								
31 March 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2018	0.00%	-	0.00%	-	0.00%	-	0.00%	-
McNally Bharat Equipment Ltd.								
31 March 2019	0.04%	7.09	0.00%	(0.75)	0.00%	-	0.00%	(0.75)
31 March 2018	0.00%	-	0.00%	(0.29)	0.00%	-	0.00%	(0.29)
MBE Minerals Zambia Ltd.								
31 March 2019	0.52%	88.03	0.00%	(0.08)	0.00%	-	0.00%	(0.08)
31 March 2018	-11.23%	(1,323.79)	0.00%	(0.08)	0.00%	-	0.00%	(0.08)
Vedica Sanjeevani Projects Private Ltd.								
31 March 2019	0.00%	-	-0.01%	11.67	0.00%	-	-0.01%	11.67
31 March 2018	29.48%	3,474.67	0.60%	(280.94)	0.00%	-	0.60%	(280.94)
McNally Bharat Engineering (Sa) Proprietary Limited								
31 March 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2018	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Associates								
"MBE Coal & Mineral Technology GmBH (Associate of MBE Mineral Technologies Pte Ltd.)"								
31 March 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
31 March 2018	0.00%	-	0.88%	(413.85)	0.00%	-	0.88%	(413.85)
Non-Controlling Interest								
31 March 2019	11.89%	2,025.02	0.92%	(728.01)	8.91%	(17.27)	0.94%	(745.28)
31 March 2018	27.12%	3,196.04	1.95%	(916.02)	-17.88%	10.56	1.92%	(905.46)
Total								
31 March 2019	100.00%	17,025.91	100.00%	(79,065.62)	100.00%	(193.98)	100.00%	(79,259.60)
31 March 2018	100.00%	11,785.01	100.00%	(47,021.78)	100.00%	(59.07)	100.00%	(47,080.85)



Notes to Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ Lakhs, unless otherwise stated)

44

During the year ended March 31, 2019 in the course of on going restructuring process with the lenders, the Holding Company has deferred repayment and converted the advances received from certain companies aggregating to Rs. 98,592.96 lakhs, into interest free long term loans /ICDs, repayable in five equated annual instalments commencing after the payment of lender obligation. Fair valuation gain of Rs. 87,482.00 lakhs arising out of aforesaid transaction has been considered as part of "Other Reserves" (Note 11(b)) and Rs. 11,110.96 lakhs has been considered as "Long term borrowings" (Note 12(a)).

45

The Parent has completed certain long term contracts for projects whose receivables amounting to Rs. 8,785.37 lakhs are outstanding for more than two years which are considered good by the management. Further certain customers have invoked the guarantees of Rs. 14,461.21 lakhs given by the banks on behalf of the Parent for alleged performance default events which are disputed and are being contested by the Parent. The management of the Parent is hopeful to realise the same in due course of time.

46

There are no significant subsequent events that would require adjustments or disclosures in the Consolidated Financial Statements as on the Balance Sheet date.

47

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

The above Consolidated Balance Sheet should be read in conjunction with the accompanying note nos. 1 to 47.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Firm Registration Number:
117366W/W-100018

A. Bhattacharya

Partner

Membership Number: 054110
Kolkata, 30th May, 2019

For **V. Singhi & Associates**

Chartered Accountants

Firm Registration Number: 311017E

V. K. Singhi

Partner

Membership Number: 050051

For **McNally Bharat Engineering Company Limited**

Aditya Khaitan

(Chairman)

DIN No.: 00023788

Manoj Kumar Digga

(Chief Financial Officer)

Srinivash Singh

(Managing Director)

DIN No.: 00789624

Indranil Mitra

(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 or associate companies or joint ventures

Sl. No.	Name of the subsidiary	MBE Mineral Technologies Pte Ltd	MBE Minerals Zambia Limited	McNally Bharat Engineering (SA) Proprietary Limited	McNally Sayaji Engineering Limited (Consolidated with CMT India)	McNally Bharat Equipment Limited
1	The date since when subsidiary was acquired	19 May 2009	21 May 2010	10 October 2012	16 November 2011	07 March 2008
2	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
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	US\$ 69.28	ZMK 5.67	ZAR 4.78	INR	INR
4	Share capital	US\$ 49,95,816	ZMK 50,000	ZAR 2,037	125,900,000	1,000,000
5	Reserves and surplus	US\$ -52,73,427	ZMK -8779748	ZAR -6,45,259	531,095,994	-391,146
6	Total assets	US \$ 45,061	ZMK 2209083	ZAR 9,107	4,569,048,367	794,608
7	Total Liabilities	US\$ 3,22,672	ZMK 109,38,831	ZAR 6,52,329	3,911,813,200	185,754
8	Investments	-	-	-	-	-
9	Turnover	-	0	-	2,599,599,137	-
10	Profit before taxation	US\$ -58,23,399	ZMK -1250	-	-487,848,051	-74448
11	Provision for taxation		0	-	-110,210,125	-
12	Profit after taxation	US\$ -58,23,399	ZMK -1250	-	-377,637,926	-74,448
13	Proposed Dividend	-	-	-	-	-
14	Extent of shareholding (in percentage)	100%	100%	100%	81.57%	99.40%

- Names of subsidiaries which are yet to commence operations : Nil
- During the year Vedica Sanjeevani Projects private Limited was disposed off by MBECL.
- MBE Coal & Minerals Technology GmbH which was an associate company of MBECL was liquidated during the year.
- McNally Bharat Engineering (SA) Proprietary Limited has been deregistered at Republic of South Africa wef. June 30 2017
- EMC MBE Contracting Co LLC , a joint venture for MBECL having 35% share is a dormant JV since last couple of year hence the company has initiated winding up proceedings.

For McNally Bharat Engineering Company Limited

Aditya Khaitan
(Chairman)
DIN No.: 00023788

Srinivash Singh
(Managing Director)
DIN No.: 00789624

Manoj Kumar Digga
(Chief Financial Officer)

Indranil Mitra
(Company Secretary)

Kolkata, 30th May, 2019

212 | Annual Report 2018-19